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1978/79 Ontario Development Corporations Annual Report



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Ministry of
Industry and
Tourism

Ontario

Ontario Development Corporation
1200 Bay Street, Queen's Park
Toronto, Ontario/Canada M7A 2E7

Hon. Larry Grossman, Q.C.,
Minister

L. R. Wilson, Deputy Minister

J. H. Joyce, Chairman,
Ontario Development Corporation

P. H. Harrower, Chairman,
Northern Ontario Development
Corporation

G. L. Ducharme, Chairman,
Eastern Ontario Development
Corporation

D. B. Tully,
Executive Director and Chief
Executive Officer



'Shop Canadian'

This publication was designed
and produced in Ontario
and printed on Canadian
paper.

The Development Corporations
Annual Report is produced by the
Corporations' Information Office and
Finance and Administration Branch,
in co-operation with the Ministry of
Industry and Tourism's
Communications Division.

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Minister's Message



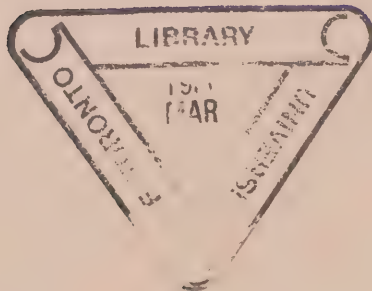
In January of 1979, the Ministry of Industry and Tourism initiated an extensive analysis and review of our programs of assistance to small business. One of our major goals was to co-ordinate these programs with other government programs, private lending activity and the province's Employment Development Fund in a way which would maximize the access of small business and avoid overlap. As a result of this review, new guidelines were designed for the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

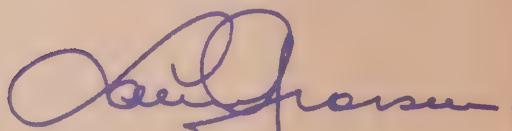
These Ontario Crown Agencies have now taken on a larger role in providing financial advice and assistance to local entrepreneurs, as well as in assisting them in their search for adequate private financial resources.

The Development Corporations are no longer just another option to banks and other private lending institutions. They are now an additional and different vehicle—available to do and accomplish and cause to happen things that won't ordinarily happen with traditional lending services.

The new role and new direction are described in this report. The report also contains a review of the past year's activities and highlights some of the beneficial effects the Corporations have had on the economy of this Province.

Ontario's three Development Corporations are facing a new challenge in the 80's. I am confident they will meet this challenge with the same enthusiasm and optimism that have been their trademark throughout a 13-year history.




Hon. Larry Grossman, Q.C.
Minister of Industry and Tourism



Boards of Directors



J. H. Joyce
Chairman, ODC

Ontario Development Corporation

P. H. Harrower, Timmins, Vice-Chairman
N. Carson, Brockville
W. T. T. Davison, Windsor
G. L. Ducharme, Ottawa
Muriel Edwards, Cobourg
J. S. Flavelle, Pembroke
W. E. Jarman, Toronto
F. E. Johnston, Ottawa
J. R. Lowrie, Toronto
Jane Malcolm, Geraldton
N. Morris, Cambridge
F. J. Pillgrem, Meaford
W. A. Reid, Woodstock
R. H. Rohmer, Q.C., Toronto
R. J. Walneck, Q.C., Thunder Bay



P. H. Harrower
Chairman, NODC

Northern Ontario Development Corporation

R. J. Walneck, Q.C., Thunder Bay, Vice-Chairman
J. Andrews, Thunder Bay
W. E. Biggs, Alban
J. M. Coulter, Sault Ste. Marie
G. L. Hamilton, Kirkland Lake
D. J. Johnson, Kenora
J. H. Joyce, Toronto
G. Knowles, Kapuskasing
J. Lang, Desbarats
Jane Malcolm, Geraldton
G. Oakes, Spring Bay
R. H. Rohmer, Q.C., Toronto
J. Stefura, Sudbury



G. L. Ducharme
Chairman, EODC

**Eastern Ontario Development
Corporation**

N. Carson, Brockville, Vice-
Chairman
L. Andre, St. Andrew West
J. N. Brown, Bancroft
J. S. Flavelle, Pembroke
D. Johnson, Smiths Falls
F. E. Johnston, Ottawa
J. H. Joyce, Toronto
A. Siversky, Hawkesbury
T. E. Sullivan, Arnprior
B. W. Trumpour, Kingston
C. Weese, Trenton
Irene Wong, Ottawa



Structure of the Corporations

The activities of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation have added substantially to Ontario's industrial and tourist potential and contributed to the creation of thousands of new jobs for Ontario residents.

Corporation programs are aimed at ensuring that financial assistance to small business is planned, directed and applied in a manner that will have the most beneficial impact on the economic and social life of Ontario and Canada.

The three Crown Corporations are closely related and have interlocking boards of directors, consisting of business and professional people who are mainly resident in, and familiar with, the areas served by their respective corporations.

Both NODC and EODC are represented on the board of directors of ODC, and the Chairman of ODC sits on the board of the other two Corporations, thus providing an opportunity for the Corporations to work together towards balanced economic growth.

Overall coordination of programs and policy is maintained through a single management and administration under the direction of the Chief Executive Officer.

Areas Served

The allocation of financial assistance for business through three separate Crown Corporations reflects the unique characteristics and conditions in southern, eastern and northern Ontario.

Central and southwestern Ontario are served by ODC, with branch

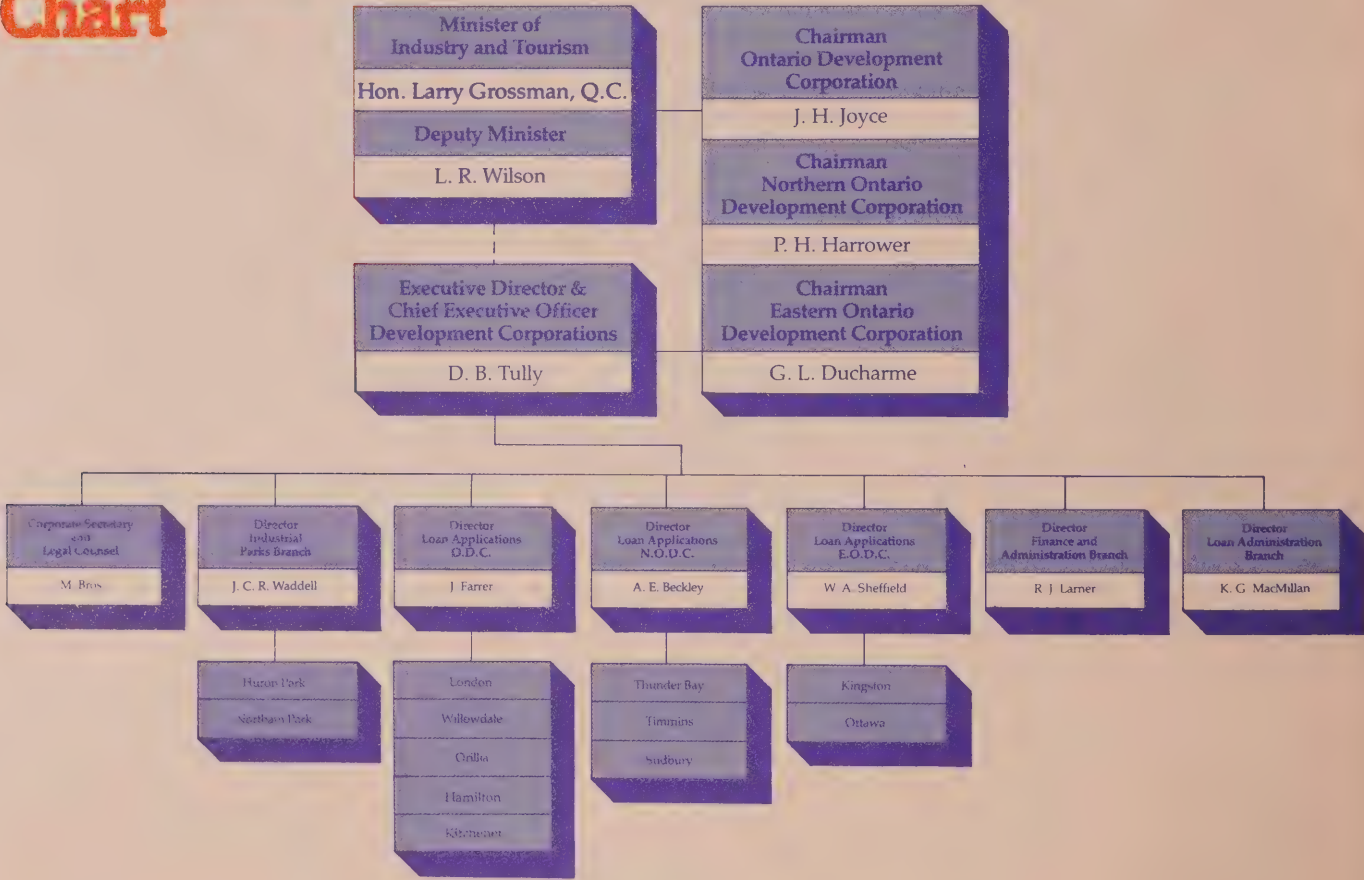
offices in London, Orillia, Kitchener, Hamilton and Willowdale and head office at Queen's Park.

NODC operates throughout northern Ontario, including the Districts of Parry Sound and Nipissing. The Corporation's head office is at Queen's Park, Toronto; branch offices are located in

Sudbury, Timmins and Thunder Bay.

The area served by EODC covers 17 counties, eastward from and including the counties of Northumberland, Victoria and Haliburton. Its head office is also located at Queen's Park, with branch offices in Ottawa and Kingston.

Organization Chart





Programs of the Corporations

The Development Corporations provide most of their financial assistance in the form of direct loans to new and existing businesses when funds are not available from conventional sources on reasonable terms and conditions.

In April of 1979 the Minister of Industry and Tourism announced two new thrusts for the Corporations. First, there would be a major effort to encourage more private lender participation in small business financing. Second, the Corporations would expand their role by providing financial consulting assistance.

The lending programs of the Corporations will now form only a part of the overall financial services offered, and efforts will be concentrated on assembling financial packages utilizing both private and government sources.

Secondary manufacturing industries, service industries closely allied to manufacturing, tourist operations and tourist attractions are all eligible for Development Corporation assistance. Funding may be arranged for any of the following endeavors:

- construction of new buildings or the purchase or expansion of existing buildings;
- purchase of production equipment;
- working capital (Canadian owned companies only);
- purchase of approved pollution control equipment;
- purchase or modification of energy-saving equipment;
- purchase of the fixed assets of a company where operations and jobs are threatened;
- introduction of new products and technology;
- improving or expanding tourist facilities;
- establishing new tourist facilities; and
- financing exports.



Ontario Development Corporation financing assisted in establishing the African Lion Safari, Rockton, Ontario.

The type of financial assistance provided will be tailored to the needs of the applicant, and may be provided through any one or combination of the following methods:

- Corporation consultants may help the client in approaching private lenders or other sources of government funding;
- Guarantees can be provided to encourage private lender participation; and
- Direct loans from the Development Corporations involving a variety of terms and conditions of repayment can be adapted to meet the specific needs of the small businessman. In some cases special incentives may be offered if it can be shown that the

project would not succeed unless an incentive were available.

Every effort is made to secure funds from a private lender or through another government lending program. The Corporation staff, in conjunction with officials of the Ministry of Industry and Tourism, will assist the borrower in approaching alternative sources of financing.

Guarantees

The Corporations are prepared to guarantee loans or a portion of a loan from other sources, provided adequate funds would not otherwise be available. Guarantees are offered to a maximum of \$500,000 and a nominal fee is usually charged for

this service. Details of these guarantees are designed to encourage the private lender's participation in selecting, evaluating and monitoring the investment.

Term Loans

Term loans, normally to a maximum of \$250,000, are available either singly or as part of the total financial package. In some cases, loans to companies employing less than 100 persons carry an interest rate lower than the Corporations' base lending rate. Other incentives in the form of interest and principal deferment are available where appropriate to encourage business development. To qualify for this incentive, the borrower must show that:



H. E. Alexander, Ministry of Industry and Tourism, H. Oetiker, President of Oetiker Limited, manufacturers of hose clamps and accessories, and J. H. Joyce, Chairman of ODC at the opening of the Company's new plant in Alliston, Ontario.

- a substantial number of new jobs will be created or present jobs maintained in areas where jobs are scarce;
- the incentive is necessary to carry the business over the initial period, where eventual commercial success is considered likely, but available resources and cash flow are inadequate;
- it will improve the chances of success; or
- the incentive will ensure that the project is undertaken now and in Ontario.

Eligible capital costs include new machinery and equipment, used machinery under warranty, construction of new buildings, and purchase of existing buildings and

the costs of their renovation or modification. Under the Ontario Business Incentives Program (OBIP) loans may be interest-free for up to five years, and principal repayment deferred for a similar period. Maximums under this program differ for each Corporation:

ODC	—up to 50% of eligible capital costs
EODC	—up to 75% of eligible capital costs
NODC	—up to 90% of eligible capital costs

Loans in the Metropolitan Toronto area are limited to \$200,000 and are considered only on a very selective basis. Loans in excess of \$200,000 in

other parts of the Golden Horseshoe area (Oshawa to Hamilton and within approximately 25 kilometres north of Metro Toronto) are similarly considered on a very selective basis.

To encourage the development of new products and technology, venture capital loans are available to small businesses. Principal and/or interest may be deferred for up to five years or repayment can be based on earnings so that debt servicing requirements are reduced during the initial high risk period of launching a new product or new process.

Export Support Loans

Ontario exporters are eligible for loans of up to \$500,000 if they have difficulty in securing adequate conventional financing. The Corporations will provide a line of credit for financing the production of goods for export or for financing foreign accounts receivable. This program may be applied in addition to financing received under other Development Corporation programs. In some cases, interest rates lower than the Corporations' base lending rate may be applied.

Tourism Loans

The Corporations offer loans to the tourist industry for the establishment of new tourist facilities and for the upgrading, winterizing or expansion of existing facilities. The program is only applied in areas where tourism is of major importance to the local economy. In most cases, tourist industry loans carry an interest rate lower than the Corporations' base lending rate. Loans for the establishment of new tourist facilities in ODC areas, however, are offered at the base lending rate.

Industrial Park Loans

Municipalities in northern and eastern Ontario are eligible for financial assistance for purchasing and servicing industrial land within their municipal boundaries. The Ontario Industrial Parks Program (OIPP) offers loans of up to 50 per cent of the cost of purchasing and



Many of Ontario's resorts have received financial assistance from the Development Corporations.

servicing land for industrial development, or 75 per cent of the cost of servicing land already owned by the municipality. Principal repayments are deferred for five years, and a portion of the interest is forgiven in decreasing amounts over the first four years. Private developers may also be considered for loans for servicing land owned by them, provided their proposal carries the prior approval and recommendation of the municipality in which the land is located.

Advisory Services

Advisory services are provided to small businesses in the process of dealing with their financial requirements. Corporation consultants are highly skilled financial, management and technical experts who can provide competent advice on most financial problems encountered by clients. In addition, consultants are in a position to refer clients to the broad base of technical expertise available through the Ontario Ministry of Industry and Tourism.

Industrial Park Development

The Ontario Development Corporation owns and operates two

industrial parks—Huron Industrial Park, located 40 kilometres north of London, near Exeter, and Northam Industrial Park, located in Cobourg, 110 kilometres east of Toronto on Highway 401. These parks contain over 9 million square feet of manufacturing space in buildings ranging in size from 5,000 to 100,000 square feet. In addition to convenient access to major rail and highway routes, Huron Industrial Park contains its own airport with three paved runways.

The Development Corporations also manage the sale of undeveloped land at the Sheridan Park Research Community in Mississauga. Canada's first and most successful private research conglomeration, Sheridan Park presently contains research facilities for eleven of Canada's major corporations and houses 2700 research scientists and technicians and their support staff.

Other Programs

ODC serves as the agent for the Federal-Provincial Rural Development Agreement (ARDA) program by processing and administering its loans in Ontario.

Although this agreement terminated in 1979, there will still be loans under disbursement and administration for many years to come.

In co-operation with the Ministry of Culture and Recreation, the Development Corporations administer a financing program for Ontario book publishers. The program provides loan guarantees for working capital and/or interest subsidies to support Ontario publishers of Canadian books.

The three Corporations also act on behalf of the Government's Employment Development Fund, providing a variety of marketing, analytic and administrative services. In particular, the Corporations have undertaken to act on behalf of the EDF Board in providing guarantee and interest incentives to the tourism industry to undertake projects involving upgrading and expansion of tourism facilities in Ontario. The Tourism Redevelopment Incentive Program (TRIP) represents a major effort to encourage Ontario tourist operators to take advantage of rapidly emerging opportunities in this highly competitive international industry.



Ontario Research Foundation, Sheridan Park. The Ontario Development Corporation is responsible for the sale of all land at Sheridan Park Research Community.



Highlights of 1978-79

During the fiscal year 1978-79 the Development Corporations approved 377 loans and guarantees of loans totalling \$76.0 million. This volume of business was the second highest in the history of the Corporations. The level of lending activity reflects the Government's determination to meet the growing financing needs of small business in Ontario.



Table 1 Corporation Commitments

	1976/79		1977/78	
	Number	\$ (Millions)	Number	\$ (Millions)
ODC	208	41.7	236	28.4
NODC	66	10.9	79	10.6
EODC	103	23.4	124	19.4
Total	377	76.0	439	58.4

In Ontario, as in the rest of Canada and the world, the economy showed some improvement. Although inflation and rapid changes in exchange rates continued to contribute an unsettling element, investment expenditures increased significantly and the Development Corporations responded with increased approvals in the incentive loan program. Ontario manufacturers also took advantage of growing opportunities in export markets and the demand for export financing grew significantly.

Meeting the rapid growth of small business capital requirements within an overall government goal of

expenditure restraint has encouraged the Corporations to expand their use of guarantees. There was a four-fold increase in the volume of guarantees approved, from \$2.6 million in 1977-78 to \$11.4 million in fiscal year 1978-79. This program has made it possible to encourage greater private lender participation in assisting Ontario businesses. Similarly, it is estimated that every dollar of direct assistance provided by the province under the incentive loan program has levered a further \$2.34 in private financing.

Activities of the Corporations during the past year are expected to result in a significant increase in employment. Borrowers with loans approved during the year estimate that investment undertaken in conjunction with Corporation assistance will create a total of 13,548 direct new jobs over the next five years.

Table 2 Corporation Programs Lever Other Financing

Loan Type	1976/79 Net of Rescissions			1977/78 Net of Rescissions		
	Corporation Commitments (\$000)	Other Financing (\$000)	Per Development Dollar	Corporation Commitments (\$000)	Other Financing (\$000)	Per Development Dollar
Term	16,020	15,897	.99	18,050	13,901	.77
Incentive	35,085	82,240	2.34	24,512	40,303	1.64
Export	8,840	2,510	.28	3,983	465	.12
Guarantees	11,395	6,007	.53	2,580	6,805	2.64

Table 3 New Jobs Assisted by Corporation Financing (Excluding Export Loans)

Year Ended March 31	Number of Loans	Amount (\$000's)	Estimated New Jobs Within 5 Years	Average Number of New Jobs Per Loan	Average Amount of Loans Per Net Job (\$000's)
1975	450	\$77,751	7,411	16.5	\$10.5
1976	240	22,190	2,731	13.4	8.1
1977	255	38,489	5,311	20.8	7.2
1978	308	53,767	7,103	17.8	7.6
1979	326	64,400	13,548	41.5	4.7

Resources of the Development Corporations were under intense pressure over the year, as the demand for assistance accelerated. Given a Government-wide commitment to restrain public expenditures it was necessary early in 1979 to temporarily curtail further lending commitments pending a full review of Corporation lending policies. Programs of the Development Corporations have emphasized providing financial advice and assistance to small business. In 1978-79, loans and guarantees amounting to more than \$250,000 individually accounted for only 22.5% of the Corporation case load. Nonetheless, these cases accounted for 63.4% of Corporation cash requirements.

To more directly focus the attention of the Development Corporations on the financial needs of small businesses, to reflect the growing interest in private lender participation and to conserve financial sources, assistance guidelines for the Corporations were changed in April, 1979 to limit term and incentive loans to any one client to a maximum of \$250,000 and to limit guarantees and export support provided to a maximum of \$500,000.

In fulfillment of their objective to encourage improvement of the economic base in the north and the east, the Development Corporations directed 45 per cent of the dollar volume of their loans and guarantees to those areas of the province. These

two areas, representing 26 per cent of Ontario's population, generate only about 14 per cent of the Province's value of shipments of manufactured goods. The Corporations' assistance programs are intended to stimulate investment and increase the volume of manufacturing activity in the outlying areas of the province.

Response to the Ontario Business Incentive Program increased rapidly. During the 1978-79 fiscal year the Ontario Business Incentive Program provided 141 loans for a dollar volume of \$37.6 million. With incentive features designed to encourage industrial and economic growth outside the main industrial centres, 61 per cent of OBIP commitments were directed to businesses in NODC and EODC regions.

Table 4 Loans Encourage Regional Development

	1978/79 (\$000)	1977/78 (\$000)
ODC	14.8	7.0
NODC	5.9	5.6
EODC	16.9	15.7
Total	37.6	28.3

In 1978-79, 35 tourist loans were approved for a dollar volume of \$4.5 million. Activity in this sector has declined sharply in recent years despite the challenge which currently exists for the upgrading and expansion of tourist facilities to take advantage of growing international travel opportunities.

Demand for export support assistance increased considerably during the 1978-79 year. A total of 49 new loans were approved under this program for a dollar volume of \$10 million. Lines of credit on production for export and export receivables provided under this program accounted for an estimated \$30 million in export sales of Ontario products to more than a dozen countries during the year.

The Export Support Program has had tremendous success in assisting small businesses in the province to expand their marketing efforts abroad. A wide range of Ontario goods, including meat products, sporting goods, furs, electronic equipment, printed material, handbags, furniture and pollution control equipment, have found their way into foreign markets as a result of this program.

Businesses assisted under the various programs of the Development Corporations represent almost every facet of secondary manufacturing in the province as well as nearly all types of tourist facilities.

The Cost of the Development Corporations

The net cost of the Development Corporations' program of assistance to small business in 1978/79 totalled \$12,586,504. Interest incentives to assist in the financing of buildings, machinery and equipment for small secondary manufacturing concerns across the province and losses on loans and guarantees written-off were the major element of that cost. The net operating cost of the three Development Corporations amounted to slightly more than one hundred thousand dollars.

Table 5 Export Support Program		
	To March 31	
	1979 (\$000)	1978 (\$000)
Active Export Loans Authorized	22,388	21,418
Active Export Loans Outstanding	10,705	9,934

Table 6 The Cost of the Development Corporations		
Cash Payments by Treasury		
Corporations' operating expenses		\$ 4,344,079
Payments on Guarantees		36,800
Loan Interest Written Off		954,211
Disbursements on Loans		40,000,000
Interest on funds advanced to Corporations		14,609,774
		\$59,944,864
Cash Receipts by Treasury		
Net interest on advances	\$ 7,969,375	
Advances repaid	10,883,032	18,852,407
Net Cash Outlay by Treasury		\$41,092,457
Less: Increase in repayable advances due from Corporations		24,262,552
Net Cost to Treasury		\$16,829,905
Less: Cash Profits earned by Corporations		4,243,401
Net Cost to Government of Ontario		\$12,586,504
Elements of Cost		
Interest Incentives		\$ 6,640,399
Losses on Loans & Guarantees		5,845,427
Net Cost of Operations (operating expenses less cash profit)		100,678
		\$12,586,504



Financial Statements, 1978-79

ODC

NODC

EODC

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Tourism.

I have examined the combined balance sheet of the Development Corporations consisting of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1979 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of the Development Corporations as at March 31, 1979 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
August 10, 1979.

F. N. Scott, F.C.A.,
Provincial Auditor.

The Development Corporations
(Incorporated under The Development Corporations Act, 1973)
Combined Balance Sheet
as at March 31, 1979

Assets	1979 \$	1978 \$
Cash	15,263,212	11,898,514
Term deposits	9,000,000	13,000,000
Accounts receivable	516,208	634,489
Loans receivable		
Term, regular, less allowance for doubtful loans of \$6,672,000; 1978—\$10,124,000	91,398,078	81,165,403
Term, Ontario Business Incentives Program, less allowance for doubtful loans of \$1,612,000; 1978—\$2,744,000	75,391,675	52,529,349
Performance, subject to forgiveness Ontario Industrial Parks Program	11,348,948	15,482,026
	683,375	695,630
Lease option contracts receivable (note 1b)	724,185	733,346
Serviced land at Sheridan Park, at cost (note 1c)	440,191	437,942
Fixed assets, at cost less accumulated depreciation of \$3,758,389; 1978—\$3,195,508 (note 2)	3,394,167	3,086,672
Land and building held for sale (note 3)	125,000	—
	208,285,039	179,663,371

Liabilities	1979 \$	1978 \$
Accounts payable and accrued charges	20,569	52,206
Deposits and trust accounts	356,555	238,230
Note payable – Ontario Land Corporation (note 5)	793,695	872,550
Advances from Treasurer of Ontario		
Performance loans, subject to forgiveness	11,348,502	15,474,206
Other	180,400,983	155,922,961
	192,920,304	172,560,153
Shareholders' Equity		
Share capital – authorized and issued 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings	700,000	700,000
Retained earnings (deficit)	7,664,735	(596,782)
	15,364,735	7,103,218
	208,285,039	179,663,371
See accompanying notes to financial statements.		

On behalf of the Board:

James H. Joyce, Director

Gerald Ducharme, Director

Peter Harrower, Director

**The Development Corporations
Combined Statement of Operations
for the year ended March 31, 1979**

	1979 \$	1978 \$
Income		
Interest	10,781,924	8,879,722
Net profit on industrial parks corporations (Schedule 1)	304,017	503,940
Rental and other	55,095	32,431
	11,141,036	9,416,093
Expense (note 6)		
Salaries and staff benefits	3,810,981	3,835,500
Transportation and communication	217,333	229,540
Services	256,669	634,699
Supplies and equipment (note 1d)	59,096	64,651
Performance loan forgiveness	3,601,833	5,751,899
Performance loans written off	387,255	159,910
Payments on guaranteed bank loans	36,800	204,431
Term loans written off	5,808,627	4,999,312
	14,178,594	15,879,942
Less: provided by Treasurer of Ontario	(14,178,594)	(15,879,942)
Interest, less recoveries from Treasurer of Ontario (note 7)	7,969,375	6,173,602
Provision for doubtful loans	(5,089,856)	(1,501,698)
	2,879,519	4,671,904
Net profit for the year	8,261,517	4,744,189
See accompanying notes to financial statements.		

The Development Corporations
Statement of Industrial Parks Operations
for the year ended March 31, 1979

	1979 \$	1978 \$
Income		
Rental and utility charges	2,482,699	2,409,500
Interest	276,682	214,112
Other	59,655	63,818
	2,819,036	2,687,430
Expense		
Salaries and staff benefits	1,060,059	856,260
Maintenance	801,278	796,768
Administration	41,484	28,751
Depreciation	565,884	479,102
Interest expense	63,190	40,554
Bad debt expense	13,124	(17,945)
	2,545,019	2,183,490
	274,017	503,940
Recovery of capital expenditure	30,000	—
Net profit	304,017	503,940

See accompanying notes to financial statements.

The Development Corporations
Combined Statement of Retained Earnings
for the year ended March 31, 1979

	1979 \$	1978 \$
Balance, beginning of year	(596,782)	(7,140,971)
Add: transfer from reserve for contingencies	—	1,800,000
net profit for the year	8,261,517	4,744,189
Balance end of year	7,664,735	(596,782)

See accompanying notes to financial statements.

The Development Corporations
Notes to Combined Financial Statements
March 31, 1979

1. Significant Accounting Policies

(a) General
The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Lease option contracts receivable
These contracts pertain to properties leased to clients with option to purchase. Only that portion of the rental which does not represent the lessees' potential equity in the property is recorded as income, with the balance of the rental being deducted from the lease option receivable.

(c) Serviced land at Sheridan Park, at cost
The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in

determining the cost of sales of this land.

(d) Depreciation
Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment. No depreciation has been provided on land and building acquired as a result of default by a borrower referred to in note 3.

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition.

2. Fixed Assets Fixed assets are stated at acquisition cost and consist of:				
	1979 Cost \$	1979 Accumulated Depreciation \$	1978 Cost \$	1978 Accumulated Depreciation \$
Land	341,514	—	341,514	—
Buildings and Improvements	6,437,607	3,460,800	5,635,522	2,941,082
Equipment	373,435	297,589	305,144	254,426
	7,152,556	3,758,389	6,282,180	3,195,508
	3,758,389		3,195,508	
	3,394,167		3,086,672	



ODC's financial assistance played a major part in the founding of Ontario World Air, the only Ontario-based international charter airline.

3. Land and Building

This arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at market value at the date of acquisition.

4. Wholly-owned Subsidiaries, not Consolidated

Performance loans subject to forgiveness and term loans include amounts of \$452,000 and \$415,028 respectively, advanced to (and representing Northern Ontario Development Corporation's investment in) Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary. The reported loss of this subsidiary for the year ended March 31, 1979 amounted to \$131,629 and the reported deficit at that date was \$383,852.

The Northern Ontario Development Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the year ended March 31, 1979 amounted to \$795,703. The deficits of these two companies as at March 31, 1979 were reported at \$3,255,138 and the contributed surplus of these two companies as at March 31, 1979 was reported at \$555,689.

On July 18, 1978, debentures in the amount of \$4,000,000 and \$5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies.

5. Note Payable to Ontario Land Corporation

In order to finance the Ontario Industrial Parks Program, Ontario Development Corporation was authorized to borrow from Ontario Land Corporation an amount not exceeding \$872,550. Of this amount \$277,500 was apportioned to Northern Ontario Development Corporation and \$595,050 to Eastern Ontario Development Corporation. Commencing April 1, 1978, the Ontario Development Corporation has been paying interest semi-annually at the quarterly market interest rate in effect when the loans were authorized, as advised by the Finance Management Branch of Ministry of Treasury and Economics as per Order in Council 963/78 of April 5, 1978. Repayments of principal are being made as principal repayments are received from the individual municipalities.

6. Expenses

Expenses totalling \$14,178,594 which include loan write-offs are reflected on a modified cash basis and have been paid out of monies appropriated therefor by the Legislature.

7. Interest, less Recoveries from Treasurer of Ontario

In the provision of term loan financing, where the Corporations' interest lending rates are lower than the borrowing rates, there are resulting losses arising therefrom. These losses are provided to the Corporations out of funds appropriated by the Legislature. For the current fiscal year, amounts totalling \$6,591,920 were provided and have been deducted from interest expense.

8. Contingent Liabilities

As at March 31, 1979 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$13,917,805 (1978—\$9,239,431).

9. Anti-inflation Legislation

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Corporations are subject to controls on compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975. This legislation terminated on December 31, 1978.

10. Commitments

Loans authorized but not disbursed as at March 31, 1979 amounted to \$43,400,000 (1978—\$39,600,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$11,364,045 (1978—\$4,481,569).





Report of Loans and Guarantees

Ontario Development Corporation Loans & Guarantees Approved 1978/79 Less Than \$100,000

Borrower	Location
Accurate and Automatic Scale Companies Limited	Scarborough
Advanced Automated Equipment Ltd.	London
A. Isaac Planos (Isaac)	Toronto
Architectural Steel Prod. Ltd. (2)	Hamilton
Bardeau Furniture & Equipment Ltd.	Weston
Brentwood Furniture Inc.	Toronto
Brestlube Enterprises	Breslau
Brigade Tire Company Ltd.	Mississauga
C.M.S. Equipment Limited	Mississauga
Carl Smith Industries (2 loans)	Ajax
Carnaby Canada Leather Manufacturing Incorporated	Scarborough
Chatham Metal Finishing	Tilbury
Collins Graphics Limited	Stoney Creek
Compass-Yacht Manufacturing Ltd.	Strathroy
Couchiching Beach Hotel (Jordan)	Orillia
Crestwood Lake Limited	Burford
Deleuse Industrial (Canada) Ltd.	Mississauga
Dorbon Barrel Mfg. Inc.	Toronto
Dualflex Company Ltd.	Oldcastle (Windsor)
Dymont-Stubley Printers	Orillia
Eastern Plastic Limited	Penetanguishene
Eileeto Industries Ltd.	Kitchener
Elan Handbag Mfg. Co. Inc.	Toronto
Electrical Contacts Ltd. (2 loans)	Hanover
Enervac Corporation (2 loans)	Cambridge
Esmond Equipment Mfg. Co. Ltd.	Scarborough
Fluidynamic Devices Ltd.	Mississauga
Freedman Harness Limited	Toronto
Futronics Inc.	Kitchener
Garry Revesz Limited	Rexdale
Geoprobe Limited	Scarborough
George's Leather Manufacturing Company	Toronto
Glenco Meat Products Ltd. (2 loans)	Burlington
Golden Town Apple Products Ltd.	Clarksburg
Glove World Mfg. Co.	Downsview

Borrower	Location
Hanna Mfg. Co. Canada Ltd. (2 loans)	Hamilton
Highland Cove Marina Ltd.	Kincardine
Intasco Corporation	London
James Moran Elements Ltd.	Whitby
Jellco Packaging Limited (2 loans)	Barrie
Kraemer Chemicals Limited	St. Thomas
Lauckner Vineyards Ltd.	Wheatley
Lewis Screw & Fittings Ltd.	Cambridge
M.B.M. Ceramics Ltd.	Downsview
Matthew James Redsell	Toronto
Miksa Marton (Dualflex)	Oldcastle (Windsor)
Mississauga Precision Ltd.	Mississauga
Modern Album of Canada Ltd.	Weston
Muddy York Coat Works Ltd.	Toronto
Music Eighty Limited	Toronto
Orlando Friesen, 'in Trust'	Simcoe
Peter Makos Furs Ltd.	Toronto
Pietwood Limited (T/A: Baggots Brass Beds)	Thorold
Precision Aluminum Mfg. Ltd.	Mississauga
Regency Interiors Inc.	Scarborough
Rove's Company Ltd.	Port Perry
Royal Craft Corporation	Milton
Seven Winds Marina Ltd.	Port Franks
Shippers Supply (1893) Ltd.	Concord
Simcoe Industrial Specialists 304746 Ontario Limited	Orillia
Soundwood Inc.	Concord
Southland Canning Ltd.	Wheatley
Stitchcraft Apparel Ltd.	Toronto
Sunburst Fashions Ltd.	London
Sunspot Plastics Incorp.	Mississauga
Sylco Nail & Wire Limited	Tillsonburg
334588 Ontario Limited T/A: Hudson Engineering	Markham
341497 Ontario Limited (Ontex Ind. Ltd.)	Ridgetown
363097 Ontario Limited (O/A: Sewing & Blowing)	Toronto
384678 Ontario Limited	Weston
Trigild Communications Ltd.	Rexdale
Tubex Manufacturing Ltd.	Downsview
Ventura Machine Ltd. (2 loans)	Port Colborne
W.J. Thorn Limited	London

\$100,000 to \$199,000

Borrower	Location
Cambridge Speakers Ltd.	Cambridge
Caspe Limited (2)	Pickering
Challenger Athletic Products Inc.	Orillia
Cold Fastener Incorporated	Windsor
Distinctive Upholstery Ltd.	Toronto
Duraan Plastics Corporation	Concord
E-F Wood Specialties Inc.	Ajax
Egan Marine Houseboat Rentals Inc.	Concord
Eldorado Tool & Manufacturing Company Ltd., The	Waterloo
Finecraft Plastic Products Ltd.	Cambridge
Firth Brown Tools (Canada) Ltd.	Cambridge
Galaxy Office Furniture Ltd.	Weston
Goldline Curling Supplies Ltd.	Mississauga
Grigor Fire Apparatus Ltd.	Toronto
Hit Foods	Toronto
Inniskillin House Wines Inc.	Niagara-on-the-Lake
JKM Custom Fabricating Ltd.	Cambridge
J.T.L. Machine Limited	Port Colborne
Jones Manufacturing Co. Ltd.	Stratford
John Voortman, in Trust	Ancaster
Klarcrete Limited	London
Lakehead Industries Ltd.	Kingsville
Lexvin Industries Inc.	Thornhill
Lockcraft Corporation	Toronto
Magic Pantry Foods Inc.	Hamilton
Mond Plastics Ltd.	Toronto
Orlando Friesen 'in Trust'	Simcoe
Peter Makos Furs Ltd.	Toronto
Plastmo Limited	Brampton
R.T. Hamilton & Associates Ltd.	
T/A: Fruitland Tool Manufacturing (2 loans)	Stoney Creek
Rove's Company Ltd.	Port Perry
Sinclair-Smith Printing and Lithographing Co. Ltd., The	Burlington
Spataro Cheese Products Ltd.	Cookstown
Vibron Limited	Mississauga
Winnell Limited	Toronto
Woodoor Limited (2 loans)	Newmarket

\$200,000 to \$299,000

Borrower	Location
AVP Extrusions Limited	Newcastle
Alsco Inc.	Burlington
Artex Woollens Limited	Cambridge
Auto Scrub Manufacturing Ltd.	Thornhill
Auto Steering Trailers Limited	Oakville
Baymoorings Limited & A. Melchior & Son Limited	Penetanguishene
Brampton Engineering Company Ltd.	Brampton
Corinthian Pools of Canada Ltd.	London
Darro Fabrics Inc.	Downsview
Duraan Plastics Corporation	Concord
Dura-Chrome Limited	Wallaceburg
Edson Packaging Machinery Ltd.	Hamilton
Electrical Contacts Ltd.	Hanover
Fabris Industrial Manufacturing Ltd.	Winona
Futronics Inc.	Kitchener
GMK Clock Co. Ltd.	Kitchener
Jones Manufacturing Co. Ltd.	Stratford
Kennebec Knitting Mills Ltd. and/or Trimfit of Canada Ltd.	Rexdale
Lanatex Yarns Ltd.	Scarborough
Nelson Wood Products (1978) Ltd.	Wheatley
Novatronics of Canada Ltd.	Stratford
Ontario Store Fixtures Inc.	Weston
Westlake Industries Inc.	St. Marys
Winnwell Limited	Toronto

\$300,000 to \$399,000

Borrower	Location
Advanced Extrusions Limited	Penetanguishene
Diffrauto Limited	Windsor
Lockwood Manufacturing Inc.	Brantford
Magic Pantry Foods Inc.	Hamilton
Pillsbury Canada Ltd.	Midland

\$400,000 to \$499,000

Borrower	Location
Abacus Industrial Equipment Co. Ltd.	Oakville
Klarcrete Limited	London
Universal Cams Limited	Waterloo
Weathercheck Insulation Ltd.	Bradford

\$500,000 and Over

Borrower	Location
Associated Tube Industries Ltd.	Markham
Bayly Engineering Limited	Ajax
CAE-Montupet Diecast Ltd.	St. Catharines
Cadbury Schweppes Powell Ltd.	St. Catharines
Castec Foundries Limited	Windsor
Clarke, Irwin & Company Ltd.	Toronto
Dafoe & Dafoe Inc. (2 loans)	Brantford
Day Specialties Company Ltd.	Midland
Dayton Tire Canada Ltd.	Midland
Diffraeto Limited	Windsor
Dominion Fence & Wire Products Ltd.	Bramalea
Enterprise Development Board (Consolidated Computer Inc.)	Ottawa
GBS - Gioca Binder Systems Ltd.	Niagara Falls
Georgian Peaks (1977) Limited	Collingwood
Graham Fiber Glass Ltd.	Erin
Hayes-Dana Limited	Barrie
Hull-Thomson Limited	Windsor
J.D. Carrier Shoe Company Limited	Toronto
Kodiak Crane	Richmond Hill
Lean Flow Metal Products Inc.	Brantford
Lockwood Manufacturing Inc.	Brantford
McClelland and Stewart Limited	Toronto
Ontario Bus Industries Inc.	Mississauga
Ontario Worldair Ltd.	Toronto
Pioneer Chain Saw Corp.	Peterborough
Robson-Lang Leathers Limited	Oshawa
Seabreeze Products of Canada Ltd.	Toronto
Sklar Manufacturing Ltd.	Hanover
Thomas Byrne Glass Limited	Markham
Trail Manufacturing Limited	Huron Park (Huron Twp.)

Northern Ontario Development Corporation

Loans & Guarantees Approved 1978/79

Less Than \$100,000

Borrower	Location
A & I Inspection Services (Thunder Bay) Limited	Thunder Bay
Aviation-Marine Astorville Ltd. (2 loans)	Astorville
Birch Island Resort (O/A: Reid, Martin and Sons Ltd.)	Minaki
Evergreen Country Outfitters Ltd.	Geraldton
Global Plastics	Timmins
Hi-Land Motel (Harrison)	Burks Falls
K. & P. Co. Ltd.	Mindemoya
Kaptest Engineering Ltd. (2 loans)	Kapuskasing
Kenjay Developments Ltd.	Pass Lake
Kirkland Wood Treatment Ltd.	Dobie
Lakeview Cottages (McDonald)	Parry Sound (Otter Lake)
Motolec Engineering	McKellar
Northland Improvements Ltd.	Timmins
Northern Hands (Textiles & Crafts)	North Bay
Red Lake Canoe Outfitters (K. & W. Leishman)	Red Lake
Red Lake Printing Co. Ltd.	Red Lake
Robertson's Fin & Feather Lodge Ltd.	Eagle River
Roger Michaud Services Ltd.	Timmins
Ronold Squirrell Ltd.	Parry Sound
Superior Home Bakery Ltd.	Sault Ste. Marie
Thompson Marine (Weber)	Bayfield
Wakomata Shores Inc.	Thessalon
Warmth & Glo Inc.	Timmins
Wildwoode Campgrounds	
Paulart Company Limited	Kaministiquia
Wolverine Construction Ltd.	North Bay

\$100,000 to \$199,000

Borrower	Location
Big "G" Supermarket Limited	Atikokan
Cedar Green Enterprises Limited	Garson
Coront Foods Limited	Sudbury
Heritage Resort (Emil Janke)	Longbow Lake
J.C. Chartrand Hardware and Building Supplies Ltd.	Timmins
Lakehead Flying School Limited	Thunder Bay
Lamplighter Motel, The (Southall)	Sioux Lookout
Maurice Miller Lumber Ltd.	Wendigo Lake (Laurier Twp.)
Mr. Firewood Limited	Burks Falls
Parry Sound Marine Limited	Parry Sound
R. Fryer Forest Products Ltd.	Monetville
Terra Krete Limited	Thunder Bay
Thunder Bay Meat Processing Company Limited	Murillo
Trout Creek Planing Mill Ltd.	Trout Creek

\$300,000 to \$399,000

Borrower	Location
Tamrockdrills Inc.	Sudbury

\$400,000 to \$499,000

Borrower	Location
Belvent Limited	Parry Sound
Falcon Metals Inc.	Sudbury
Sioux Hotel (Richard A. Davidson)	Sioux Lookout

\$200,000 to \$299,000

Borrower	Location
Burger Superfire Canadian Ltd.	Kenora
COB Furniture Manufacturers Ltd.	Kapuskasing
Film Factory Ltd., The	Thunder Bay
Labonte Seed Ltd.	New Liskeard
Meloche Windows Ltd.	Sudbury
Thunder Bay Ski Jumps Ltd.	Thunder Bay

\$500,000 And Over

Borrower	Location
Algoma Truck and Tractor Sales Ltd.	Sault Ste. Marie
Anchor Motor Inn (Parry Sound) Limited (Parry Sound Motor Inn Inc.)	Parry Sound
Elk Lake Planing Mill Limited	Elk Lake
Finn-Arrow Ski Ltd.	North Bay
Oaks Hotel, The (Igor Realty Inc.)	Elliot Lake
Waferboard Corporation Ltd.	Timmins

Eastern Ontario Development Corporation

Loans & Guarantees Approved 1978/79

Less Than \$100,000

Borrower	Location	Borrower	Location
After Harvest Ltd. (2 loans)	Richmond	Miller Communications Systems Ltd.	Kanata
Astro Aluminum Industries Ltd.	Ottawa	Mount Pakenham Limited	Pakenham
Bancroft Golf Course (Smith)	Bancroft	Niture Products Limited	Merrickville
Beach Hollow Cottages (Billington)	Tweed	Nortec Air Conditioning Industries Limited	Ottawa
Bindesign Mfg. (Canada) Ltd.	Renfrew	Pine Ridge Linen Supply Ltd.	Cobourg
Calabogie Peaks Limited (2 loans)	Calabogie	Probert Candles Ltd. (2 loans)	Carleton Place
Calama Homes Limited	Portland	Rainbow Pottery (11 Tupy) (2 loans)	Ingleside
Covington Computer Systems Corp.	Glen Robertson	Rightway Insulation Mfg. Ltd.	Cornwall
Dochart Brick and Tile Co. Ltd.	Arnprior	Roy Goodfellow Ltd.	Renfrew
Frontenac Paper Box Company Limited	Perth	Scannar Engineering Ltd.	Cornwall
G.W. Noble Wood Products Ltd.	Verona	Skinners Marine Inc.	Fenelon Falls
Home Technics Limited	Peterborough	St. Lawrence Native Enterprises Ltd.	Morrisburg
Jamieson Campbell Ltd. (2 loans)	Monkland	Stutam Developments Ltd. (O/A: Fawn Ridge Campground)	Calabogie
Leisure Cottages (Pakiri, Rebiro, Robinson)	Oak Lake	Tech 5 Engineering Services Ltd. (2 loans)	Kanata
Lindsay Steel Fabricating Ltd.	Lindsay	Theona Park Limited	Ennismore
Lyric Furniture Ltd.	Cornwall	Trout Lake Hotel (Kearney)	Ompah
Madawaska Valley Motel (Gilmour)	Barry's Bay	Wills Transfer Ltd. (2 Loans)	Smiths Falls
Manumental Limited	Pembroke		
McCann & Kitts Ltd.	Township of Grattan		



\$100,000 to \$199,000

Borrower	Location
Ashton Feed Services Ltd.	Ashton
Calama Homes Limited	Portland
Canadian Comfort Insulation (Eastern) Ltd.	Morrisburg
Canadian Leather Industries Ltd.	Vankleek Hill
Card and Paper Works Ltd.	Peterborough
Circronics (1976) Ltd.	Ottawa
Collie Woollen Mills Ltd.	Perth
Findlay Foundry Limited	Carleton Place
G.V.O. Manufacturing Co. Ltd.	Brockville
Glengarry Glass Ltd.	Alexandria
Home Technics Limited	Peterborough
Horizon Plastics Ltd.	Cobourg
Kemptville Foods Limited	Oxford Station
Madshus Ski Canada Inc.	Carleton Place
Mount Pakenham Limited	Pakenham
North American Sawmills Machinery (1977) Ltd.	Killaloe
Ottawa Mould Craft Ltd.	Ottawa
Ottawa Solartronics Ltd.	Smiths Falls
Roy Goodfellow Ltd.	Renfrew
Sanilit Limited	Pembroke
Tack Sheet Metal Mfg. Ltd.	Kingston

\$300,000 to \$399,000

Borrower	Location
Madshus Ski Canada Inc.	Carleton Place
Municipal Corporation of the City of Brockville	Brockville
United Color and Pigment Limited	Cornwall

\$400,000 to \$499,000

Borrower	Location
Collie Woollen Mills Ltd.	Almonte
Davidson Rubber Company Ltd.	Port Hope
Sun Wheels Limited	Hawkesbury
Trent Timber Treating Inc.	Peterborough

\$200,000 to \$299,000

Borrower	Location
Brown Shoe Company of Canada Ltd. (2 loans)	Perth
Computer Assembly Systems Ltd.	Brockville
E & W Wills Cartage Ltd.	Ottawa
Huron Chemicals Limited	Kingston
International Scissor Limited	Perth
Miller Communications Systems Ltd.	Kanata
Mitel Corporation	Kanata
Ontario Pressure Treated Wood Ltd.	Bancroft
Stake Technology Ltd.	Ottawa

\$500,000 And Over

Borrower	Location
Alexandria Footwear Ltd.	Alexandria
Allied Door Systems Ltd.	Napanee
Arbrook Ltd.	Peterborough
Bakelite Thermosets Limited	Belleville
Balderson Cheese Ltd.	Balderson
Bata Industries Ltd. (Eng. Div.)	Batawa
Baxter Canning Co. Ltd., The	Bloomfield
Canadian Leather Industries Ltd.	Vankleek Hill
Fort Aluminum Industries Ltd. (New Name: Elbertsen Industries Limited)	Kingston
Mitel Corporation	Kanata
Municipal Corporation of the Township of Gloucester	Township of Gloucester
Nashua Canada Limited (2 loans)	Peterborough
Ottawa Fibre Industries Ltd.	Ottawa
Perth Yarns Inc.	Perth
Plastics CMP Limited	Peterborough
R.J. Stampings Co. Ltd.	Smiths Falls
Spitzer Dry Bulk Limited	Trenton
Williams Hotels Limited	Trenton



How to Apply

Applications for financial assistance and requests for further information from the Ontario Development Corporation, Northern Ontario Development Corporation or Eastern Ontario Development Corporation may be directed to the nearest office of the appropriate Corporation listed opposite page.

Consultants make regular field trips to communities throughout Ontario. In Northern Ontario advertisements announcing these trips are published in most daily and weekly newspapers.





Field Offices

HEAD OFFICE, ALL CORPORATIONS

1200 Bay Street,
Queen's Park,
Toronto, Ontario.
M7A 2E7
(416) 965-4622

NORTHERN ONTARIO DEVELOPMENT CORPORATION

767 Barrydowne Road,
Sudbury, Ontario.
P3A 3T6
(705) 560-1422

Ontario Government Building,
435 James Street South,
Thunder Bay, Ontario.
P7C 5G6
(807) 475-1671

273 Third Avenue,
Timmins, Ontario.
P4N 1E2
(705) 264-1323

EASTERN ONTARIO DEVELOPMENT CORPORATION

1055 Princess Street,
Kingston, Ontario.
K7L 5J3
(613) 546-3101

220 Laurier Avenue West,
Ottawa, Ontario.
K1P 5Z9
(613) 566-3707

ONTARIO DEVELOPMENT CORPORATION

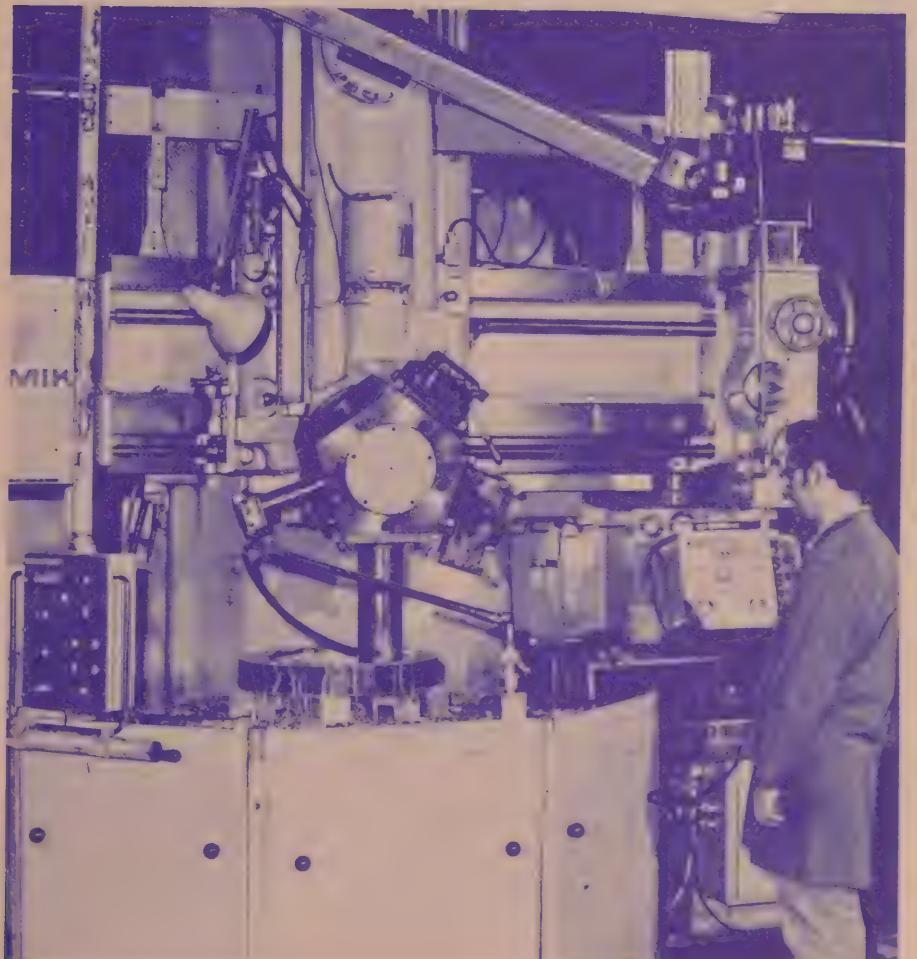
Union Gas Building,
20 Hughson Street South,
Suite 601,
Hamilton, Ontario.
L8N 2A1
(416) 527-3010

Canada Trust Building,
305 King Street West,
Suite 507,
Kitchener, Ontario.
N2G 1B9
(519) 744-1991

195 Dufferin Avenue,
London, Ontario.
N6A 1K7
(519) 433-2871

P.O. Box 746,
73 Mississaga Street East,
Orillia, Ontario.
L3V 1V4
(705) 325-5553

5 Fairview Mall Drive,
Suite 480,
Willowdale, Ontario.
M2J 2Z1
(416) 491-7996



Ministry of Industry and Tourism Field Offices

143 Parkdale Avenue,
Brockville, Ontario.
K6V 6B2
(613) 342-5522

Box 815,
283 Church Street,
Fort Frances, Ontario.
P9A 3N1
(807) 274-3259
(Tourism Only)

Union Gas Building,
20 Hughson Street South,
Hamilton, Ontario.
L8N 2A1
(416) 527-3194

15 Main Street East,
Huntsville, Ontario.
P0A 1K0
(705) 789-4448
(Tourism Only)

Box 5140,
808 Robertson Street,
Kenora, Ontario.
P9N 3X9
(807) 468-6481
(Tourism Only)

1055 Princess Street,
Kingston, Ontario.
K7L 5T3
(613) 546-0174

Canada Trust Building,
305 King Street West,
Kitchener, Ontario.
N2G 1B9
(519) 744-6391

195 Dufferin Avenue,
Suite 607,
London, Ontario.
N6A 1K7
(519) 433-8105

Northgate Plaza,
1500 Fisher Street,
North Bay, Ontario.
P1B 2H3
(705) 472-9660

Sterling Trust Bldg.,
2nd Floor,
73 Mississauga Street East,
Orillia, Ontario.
L3V 6K2
(705) 325-1363

220 Laurier Avenue West,
Suite 900,
Ottawa, Ontario.
K1P 5Z9
(613) 237-6280

Suite 104, Nor-Towne Plaza,
1131 Second Avenue East,
Owen Sound, Ontario.
N4K 2J1
(519) 376-3875

139 George Street North,
Peterborough, Ontario.
K9J 3G6
(705) 742-3459

Provincial Gas Bldg.,
15 Church Street,
4th Floor,
St. Catharines, Ontario.
L2R 3B5
(416) 684-2345

120 Huron Street,
Box 1196,
Sault Ste. Marie, Ontario.
P6A 5N7
(705) 253-1103

767 Barrydowne Road,
Sudbury, Ontario.
P3A 3T6
(705) 560-1330

Ontario Government Bldg.,
435 James Street South,
Thunder Bay, Ontario.
P7C 5G6
(807) 475-1325

273 Third Avenue,
Timmins, Ontario.
P4N 1E2
(705) 264-5393

5 Fairview Mall Drive,
Willowdale, Ontario.
M2J 2Z1
(416) 491-7680

250 Windsor Avenue,
Room 227,
Windsor, Ontario.
N9A 6V9
(519) 252-3475







Ministry of
Industry and
Tourism

Province of Ontario
Queen's Park
Toronto, Canada
M7A 2E1

Hon. Larry Grossman
Minister
L. R. Wilson
Deputy Minister

272 27
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**ONTARIO
DEVELOPMENT CORPORATIONS
ANNUAL REPORT
1979/80**



D. Blair Tully, Executive Director
and Chief Executive Officer

Hon. Larry Grossman, Minister

MINISTER'S MESSAGE

The past year has been one of dramatic change and new directions for the three Ontario Development Corporations.

New guidelines have emphasized their role in providing financial support for Ontario's small business community. The Corporations have increased their efforts aimed at encouraging banks and other private lenders to expand their financial assistance to this important sector of the economy.

Working closely with the Province's new Employment Development Fund the corporations have been involved in the planning and delivery of a number of new initiatives designed to facilitate investment in key sectors of the economy.

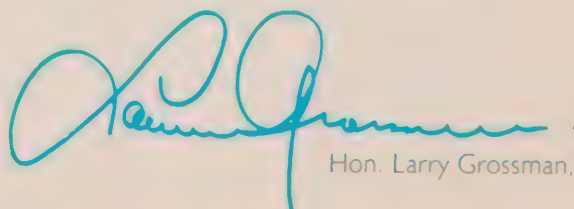
The results of these changes were positive. As this report shows, 1979/80 has proven the effectiveness of the Development Corporations' role as a catalyst to lever additional financial support for Ontario industry from the private sector.

This success has prompted the Government to introduce additional initiatives to strengthen further financial assistance for Ontario small businesses. We have broadened the range of industries eligible for Development Corporation programs to include a number of important sectors where very real opportunities exist for additional employment of Ontario's highly skilled workforce. The Development Corporations will now be in a position to assist entrepreneurs outside the traditional areas of secondary manufacturing and tourism who are able to make a contribution to our overall industrial development.

Over the past year it has been apparent that the normal credit limits of the corporations were unnecessarily restricting their capacity to assist small businesses. Many such companies, involved in viable investment projects, required access to additional financial resources. Consequently, lending and guarantee limits have been doubled. The corporations are now in a position to provide, on a selective basis, up to \$500,000 in direct loans and \$1 million in guarantees and export support loans. This increase in limits will broaden considerably the capacity of the corporations to play a meaningful role in encouraging new investment in those sectors and those areas of the province where access to normal credit facilities is limited.

This year I expect that together, the three Development Corporations will commit more than \$80 million in support of small business in Ontario. This assistance will encourage private investors and lenders to provide more than twice this amount of new investment capital.

The ODC, NODC, and EODC have earned for themselves a considerable role in fostering the growth of small business across the province. I am confident that they will continue to play an important part in assisting in the development of entrepreneurs and young industries in the future.



Hon. Larry Grossman, Minister

BOARDS OF DIRECTORS



Ontario Development Corporation

James H. Joyce, Toronto, Chairman

Peter H. Harrower, Timmins, Vice-Chairman

Norman Carson, Brockville

David B. Cowper, Toronto

W.T.T. Davison, Windsor

Muriel Edwards, Cobourg

John S. Flavelle, Pembroke

Fred E. Johnston, Ottawa

J. Ross Lowrie, Toronto

Jane Malcolm, Geraldton

Fred J. Pilgrem, Meaford

William A. Reid, Woodstock

Richard Rohmer, C.M.M., D.F.C., Q.C., Toronto

Raymond J. Walneck, Q.C., Thunder Bay

Northern Ontario Development Corporation

Peter H. Harrower, Timmins, Chairman

Raymond J. Walneck, Q.C., Thunder Bay

William E. Biggs, Alban

Pat Birnie, New Liskeard

Gerald Brousseau, Timmins

Andrew F. Coffey, Thunder Bay

J. M. Coulter, Sault Ste. Marie

William A. Elgie, Sault Ste. Marie

Douglas J. Johnson, Kenora

George E. Knowles, Kapuskasing

Jane Malcolm, Geraldton

Grant Oakes, Spring Bay

Richard Rohmer, C.M.M., D.F.C., Q.C., Toronto

John Stefura, Sudbury



Eastern Ontario Development Corporation

Norman Carson, Brockville, Chairman

John N. Brown, Bancroft

Aurele Clement, Cornwall

John S. Flavelle, Pembroke

David C. Gifford, Peterborough

Janet Guest, Renfrew

Donald Johnson, Smith Falls

Fred E. Johnston, Ottawa

Robert W. MacQuarrie, Ottawa

Alex Siversky, Hawkesbury

B.W. Trumpour, Kingston

Carl Weese, Trenton

W. Reginald Workman, Winchester



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Ontario Development Corporation
1200 Bay Street, Queen's Park
Toronto, Ontario/Canada M7A 2E7

Hon. Larry Grossman, Minister

L. R. Wilson, Deputy Minister

J. H. Joyce, Chairman,
Ontario Development Corporation

P. H. Harrower, Chairman,
Northern Ontario Development Corporation

Norman Carson, Chairman,
Eastern Ontario Development Corporation

D. B. Tully,
Executive Director and Chief Executive Officer

The Development Corporations Annual Report is produced by the Corporations' Information Office and Finance and Administration Branch, in co-operation with the Ministry of Industry and Tourism's Communications Division

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HIGHLIGHTS OF 1979/80

The past year has seen a renewed focus within the Development Corporations on meeting the financial needs of Ontario's small business community. A review of provincial programs of assistance to industry in the Spring of 1979 resulted in a new mandate for the Ontario Development Corporations, the creation of the Employment Development Fund, and the introduction of Small Business Development Corporation legislation.

The Development Corporations' normal lending limits were reduced to \$250,000 for individual term loans and to \$500,000 for loan guarantees and export credit lines. A greater priority was attached to the role of the corporations in assisting young companies in gaining access to private financing and in improving the financial ability of Ontario entrepreneurs. Within reduced lending limits the corporations were encouraged to concentrate their own financial resources on investment projects involving small businesses.

An Uncertain Climate dominated the Canadian economy in 1979/80. New and dramatic increases in energy prices, continuing inflation and soaring interest rates undermined the growth potential of many key sectors. Although Ontario exporters operated at close to capacity in 1979, the prospects for a continued strong performance were clouded by an approaching recession in the United States and other industrial countries.

While business capital investment generally acted as a source of strength for the economy, small businesses were hesitant to invest in an uncertain future. Moreover, access to credit for small businesses from traditional sources became more difficult. This was especially noticeable in less industrialized areas of the province.

The rapid escalation in the borrowing costs in financial markets during the late fall and winter also proved extremely unsettling to the investment plans of small and medium-size businesses in Ontario. This was not a time when Ontario could afford to postpone investment in new enterprises, delay capitalizing on new technology, or reduce the volume of its exports.

Increasing competition in international markets from both industrialized and developing countries, coupled with the opening up of the domestic market to foreign manufacturers as a result of GATT trade and tariff negotiations, will require continuous growth in the Canadian capacity to produce, innovate, and compete. Much of the potential capacity to meet the demands of the 1980's lies in Ontario small businesses.

Under these circumstances, incentives for investment, innovation and trade provided by the Ontario Development Corporations offset many of the pressures felt by small business. To further assist small business by minimizing and stabilizing the cost of investment funds, Development Corporation interest rates were frozen in January. Thus the corporations were able to cushion the impact of excessive interest rates on small business.

The corporations continued to assist medium and large-size Ontario companies requiring financial assistance for major investment projects through the loan, loan guarantee, and grant activities of the Employment Development Fund. Several selective EDF programs were introduced to focus special attention on industries identified with particular problems or opportunities. Corporation staff were active in the design and delivery of many of these initiatives.

MORE ASSISTANCE FOR SMALL BUSINESS

During the fiscal year 1979/80 the Development Corporations approved 365 loans and loan guarantees for a total commitment of \$52.9 million.

CORPORATION COMMITMENTS

1979/80			1978/79		
NUMBER	TOTAL \$ (MILLIONS)	AVERAGE LOAN \$(000's)	NUMBER	TOTAL \$ (MILLIONS)	AVERAGE LOAN \$(000's)
ODC	224	36.4	162	208	41.7
NODC	78	6.8	87	66	10.9
EODC	63	9.8	156	103	23.4
365	53.0		377	76.0	

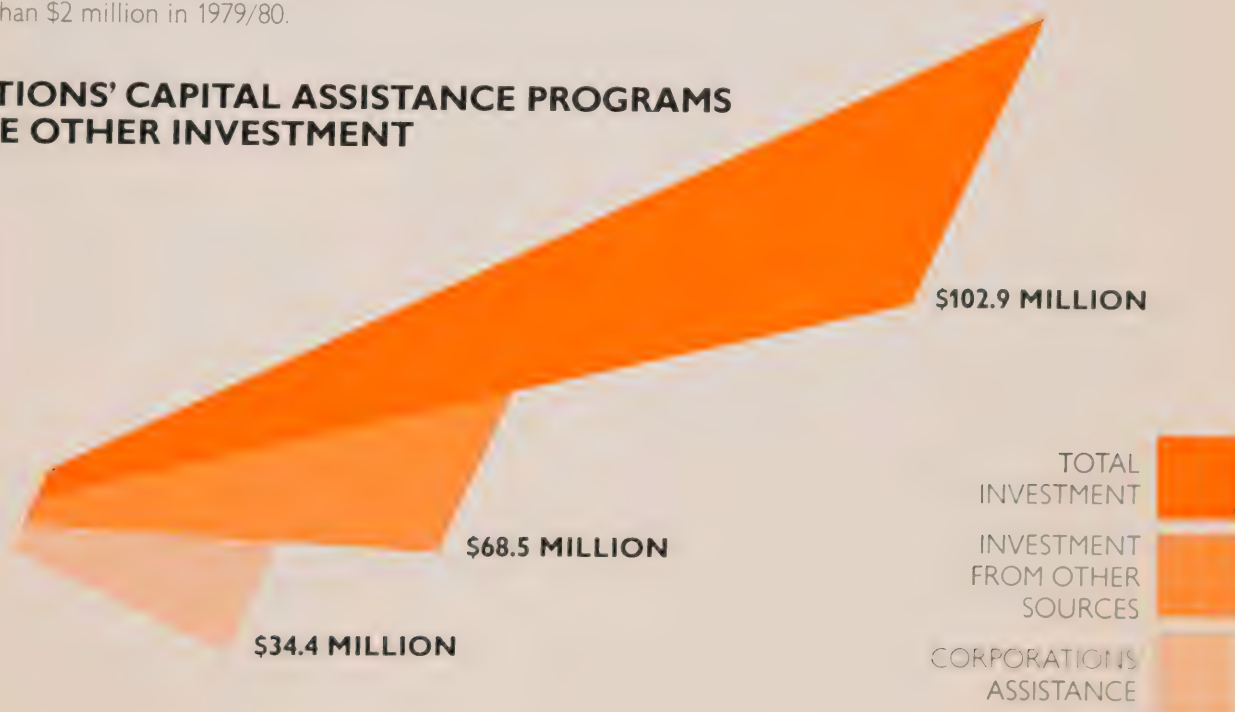
While total commitments from the Development Corporations declined from the previous year, loan and guarantee support for Ontario small businesses increased sharply in fiscal 1979/80. Commitments under the small business limits introduced early in the year reached more than \$35 million, up nearly 17 per cent over the previous year. Term loans in support of new capital investment remained the most important component of assistance. Incentive loans under \$250,000, providing for deferment of principal repayment and interest-free periods, accounted for more than \$15 million in commitments during the year, up from \$9.3 million in 1978/79.

At the same time, commitments to larger Ontario manufacturers through the Development Corporations declined in 1979/80, as the Board of the Employment Development Fund focused attention on encouraging new investment among Ontario medium and large enterprises. Term loan financing in amounts above \$250,000 from the corporations, which in 1978/79 had exceeded \$31 million, declined to less than \$2 million in 1979/80.

Over the past year priority was given to broadening private participation in small business financing. The financial resources of the corporations were utilized in a way which provided maximum leverage on private investment capital. It is estimated that during 1979/80, each dollar provided by the corporations in the form of direct term loans was matched by two dollars of investment from the private sector.

Corporation guarantees were utilized where possible to ensure access to adequate financial resources. The corporations approved the largest number of guarantees in their history, providing guarantees on 66 loans totalling \$8.9 million. At the end of the year, outstanding guarantee commitments for the three corporations amounted to almost \$27.5 million. Guarantees provided by the Development Corporations encouraged private investment of a further sixty-five cents on every dollar secured by a guaranteed loan.

CORPORATIONS' CAPITAL ASSISTANCE PROGRAMS STIMULATE OTHER INVESTMENT



ASSISTANCE TO EXPORTERS GROWS

Demand for financing support for export sales from small Ontario manufacturers continued its spectacular rise. New approvals of credit lines in support of exports almost doubled in 1979/80, and almost tripled over the past two years—from \$6.0 million in 1977/78 to \$17.2 million in 1979/80.

In conjunction with Ministry of Industry and Tourism initiatives, the Export Support Program has stimulated interest among many small Ontario companies in the development of new markets abroad. It has helped Ontario companies to enter export markets for the first time, to undertake sales into new areas, and to finance the broadening of an existing export program.

The Export Support Program has assisted many young Ontario companies in breaking into and expanding

critical export markets at a stage in their development when sufficient commercial financing is difficult to obtain. Growth in export sales among Export Support Loan customers has been dramatic—averaging 21 per cent last year—and export markets have provided many small, high technology Ontario companies with the efficiencies of scale they need to compete.

Since the inception of this program in 1971, nearly 400 Ontario companies have been assisted in their international marketing efforts through the provision of an operating credit line under this program. In 1979/80, \$28.2 million was dispensed to these companies to finance export sales. Authorized credit lines under this program at March 31, 1980 reached a record \$43,569,000.

EXPORT SUPPORT PROGRAM CASH DISBURSEMENTS AGAINST EXPORT ORDERS AND RECEIVABLES



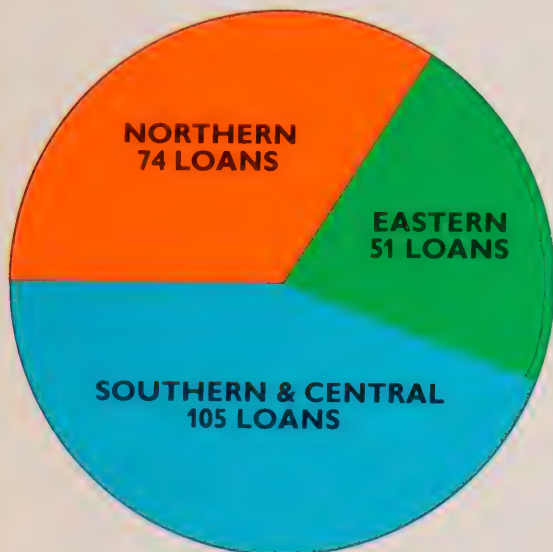
ONTARIO BENEFITS FROM NEW JOBS

The activities of the corporations during the past year have had a significant impact on employment in small business. Borrowers with loans approved during the year estimate that investment undertaken in conjunction with the corporations' assistance will result in a total of 8,281

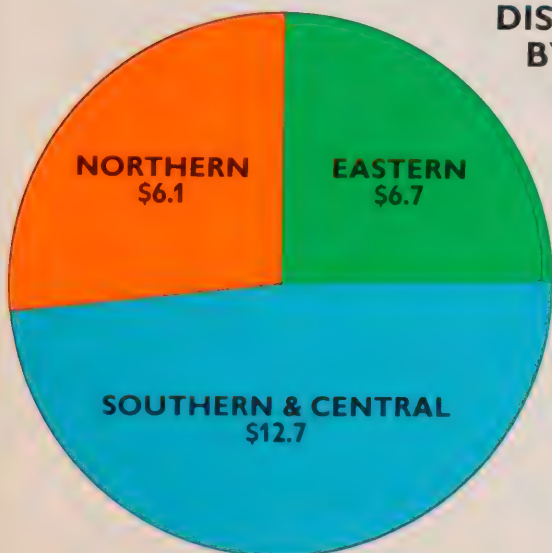
direct new jobs within five years. Experience has shown that successful projects outpace even the employment creation expectations of the companies involved.

NEW JOBS ASSISTED BY CORPORATION FINANCING (EXCLUDING EXPORT LOANS)

YEAR ENDED MARCH 31	NUMBER OF LOANS	AMOUNT (\$000's)	ESTIMATED NEW JOBS WITHIN 5 YEARS	AVERAGE NUMBER OF NEW JOBS PER LOAN	AVERAGE AMOUNT OF LOAN PER NEW JOB (\$000's)
1976	240	22,190	2,731	13.4	8.1
1977	255	38,489	5,311	20.8	7.2
1978	398	53,767	7,103	17.8	7.6
1979	326	64,400	13,548	41.5	4.7
1980	296	34,377	8,281	28.0	4.2



NUMBER OF LOANS



\$ AMOUNT OF LOANS
(MILLIONS)

THE CORPORATIONS SERVE REGIONAL NEEDS

The three development corporations serve the financial needs of Ontario's small business community, each bringing its own perspective of the distinctive socio-economic character of its region. The corporations play an important role in providing and assisting industrial growth in the less developed parts of the province.

Last year, the Development Corporations directed more than one-half of the dollar volume of direct term loan commitments to projects in Ontario's Northern and Eastern regions. These two areas, representing 26 per cent of Ontario's population, generate only about 14 per cent of the province's value of shipments of manufactured goods. Overall, corporation assistance in 1979/80 is expected to result in the creation of 1,300 new jobs in small businesses in Northern and Eastern Ontario.

DISTRIBUTION OF TERM LOANS BY REGION 1979/80

During the year, the corporations were asked on several occasions to play a special role on behalf of the province by assisting businesses affected by unforeseen circumstances. In particular, the occurrence of several natural disasters prompted the development of special initiatives.

In May, 1979, the staff and resources of the Development Corporation assisted tourist operators in the Field Township area devastated by Lake Nipissing flooding. Fast action in approving loan assistance enabled 30 tourism facilities to repair damages in time for the 1979 season.

On August 7, 1979, the County of Oxford was hit by a tornado that caused considerable property damage and left many people homeless. The Ontario Development Corporation, in conjunction with other lenders, quickly established a relief loan guarantee and interest program which provided affected businesses with access to the financing necessary to replace lost assets.

When flood waters on the Ganaraska River on March 21 and 22 destroyed property in the Town of Port Hope a similar program was instituted by the Eastern Ontario Development Corporation to assist businesses with the clean-up.

The Ontario Development Corporation was also called upon to provide emergency financial assistance for businesses in the Town of Essex, following a disastrous explosion and fire that levelled the town's downtown core early in 1980.

NEW INITIATIVES FOR ONTARIO'S TOURISM INDUSTRY

During the year, new initiatives broadened the services of the Development Corporations to the province's tourism industry. Shifting tourist traffic has provided new opportunities for the industry in Ontario. The potential investment and development which will be required to capitalize on this growing market will be enormous. In conjunction with the Ministry of Industry and Tourism the corporations have placed high priority on the renovation and upgrading of the province's existing tourism plant, and the development of new facilities which will appeal to the rapidly changing market.

Additional assistance to the industry has been provided through the Tourism Redevelopment Incentive Program (TRIP), introduced by the Board of the Employment Development Fund in the fall of 1979. TRIP provides loan guarantee and interest subsidy assistance to tourist operators willing to undertake a major upgrading or expansion project. The program has provided the corporations with an additional tool in assisting the tourist industry with its financing needs.

During 1979/80 the three corporations committed more than \$4.1 million with 66 direct term loans to assist tourist operators in undertaking upgrading and expansion projects in their facilities. In addition, the corporations provided through TRIP \$6.6 million in financial aid.

Poor snow conditions early in the 1979/80 winter season caused problems for many ski facilities and resort operators. The corporations provided emergency working capital relief for several affected businesses.



Best Western Motor Inn, Dryden

INTEREST ASSISTANCE INCREASES COSTS

The overall cost of the program of small business assistance provided by Ontario's three Development Corporations in 1979/80 totalled \$14,513,681. This represented an increase of \$1.9 million over the previous fiscal year. Substantial cost increases were incurred in interest incentives reflecting the higher cost of funds borrowed by the Corporations, including the cost of the temporary

freeze on Corporation lending rates and losses on loans and guarantees.

In the 1979/80 fiscal year the operations of the three Development Corporations, after payment of all operating expenses, resulted in a net cash profit of almost one million dollars.

THE COST OF THE DEVELOPMENT CORPORATIONS

CASH PAYMENTS BY TREASURY	1979/80	1978/79
CORPORATIONS' OPERATING EXPENSES	\$ 4,501,586	\$ 4,344,077
PAYMENTS ON GUARANTEES	2,100,136	36,800
LOAN INTEREST WRITTEN OFF	590,197	954,211
DISBURSEMENTS ON LOANS	39,150,000	40,000,000
INTEREST ON FUNDS ADVANCED TO CORPORATIONS	16,600,155	14,609,774
	62,942,074	59,944,864
CASH RECEIPTS BY TREASURY		
NET INTEREST ON ADVANCES	8,154,155	7,969,375
ADVANCES REPAID	13,808,067	10,883,032
RECOVERIES ON LOANS WRITTEN OFF	529,914	—
	22,492,136	18,852,407
NET CASH OUTLAY BY TREASURY	40,449,938	41,092,457
LESS: INCREASE IN REPAYABLE		
ADVANCES DUE FROM CORPORATIONS	20,450,074	24,262,552
NET COST TO TREASURY	19,999,864	16,829,905
LESS: CASH PROFITS EARNED BY CORPORATIONS	5,486,183	4,243,401
NET COST TO GOVERNMENT OF ONTARIO	14,513,681	12,586,504
ELEMENTS OF COST		
INTEREST INCENTIVES	8,446,000	6,640,399
LOSSES ON LOANS & GUARANTEES LESS RECOVERIES	7,052,277	5,854,427
	15,498,277	12,485,826
NET RESULTS OF OPERATIONS—OPERATING		
EXPENSES LOSS CASH PROFIT	(984,596)	100,678
	14,513,681	12,586,504

NEW BOARD MEMBERS APPOINTED

March 31, 1980 marked the end of the term of appointment of several members of the Boards of the Corporations.

Leaving the Board of the Ontario Development Corporation, after eight years of service, were Gerald L. Ducharme of Ottawa and W. Edwin Jarman of Toronto. Mr. Ducharme, who had served several terms as Vice-Chairman of ODC, also retired from the Board of the Eastern Ontario Development Corporation. He was EODC's first Chairman and held that position from 1973 until his retirement this year.

John Andrews of Thunder Bay, who was appointed Chairman of the Northern Ontario Development Corporation from its inception in 1970 until 1978, also retired on March 31. As Chairman of NODC, Mr. Andrews served as a Director of ODC, and was Vice-Chairman of that Corporation for a number of years.

Gordon Hamilton of Kirkland Lake and James Lang of Debarats retired from the Board of the Northern Ontario Development Corporation, where they had served since 1972.

Retiring as Directors of the Eastern Ontario Development Corporation were Leo Andre of St. Andrew West, Thomas E. Sullivan of Arnprior and Mrs. Irene Wong of Ottawa. All three have been members of the EODC Board since it was formed in 1973.

James H. Joyce of Toronto, retired as a Director of both NODC and EODC. Mr. Joyce continues to serve as a Director and Chairman of ODC.

Appointments to the Boards of the Corporations Included:

ODC David B. Cowper, Toronto

NODC Pat Birnie, New Liskeard; Gerald Brousseau, Timmins; Andrew F. Coffey, Thunder Bay; William A. Elgie, Sault Ste. Marie

EODC Aurele Clement, Cornwall; David C. Gifford, Peterborough; Janet Guest, Renfrew; Robert W. McQuarrie, Ottawa; W. Reginald Workman, Winchester

D. Blair Tully was appointed Chief Executive Officer and Executive Director of the Corporations effective May 1, 1979.

FINANCIAL STATEMENTS 1979/80

To the
Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Tourism.

I have examined the combined balance sheet of the Development Corporations consisting of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1980 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of the Development Corporations as at March 31, 1980 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Toronto, Ontario,
June 13, 1980.

F.N. Scot, F.C.A.,
Provincial Auditor.

THE DEVELOPMENT CORPORATIONS
(INCORPORATED UNDER THE DEVELOPMENT CORPORATIONS ACT, 1973)
COMBINED BALANCE SHEET AS AT MARCH 31, 1980

ASSETS	1980	1979
	\$	\$
CASH	12,832,451	15,263,212
TERM DEPOSITS	14,720,000	9,000,000
ACCOUNTS RECEIVABLE	417,235	516,208
LOANS RECEIVABLE (NOTE 1B)		
TERM, REGULAR, LESS ALLOWANCE FOR DOUBTFUL		
LOANS OF \$9,542,000; 1979—\$6,672,000	88,496,188	91,398,078
TERM, ONTARIO BUSINESS INCENTIVES PROGRAM,		
LESS ALLOWANCE FOR DOUBTFUL LOANS OF		
\$1,878,500; 1979—\$1,612,000	96,401,216	75,391,675
PERFORMANCE, SUBJECT TO FORGIVENESS	7,454,838	11,348,948
ONTARIO INDUSTRIAL PARKS PROGRAM	2,111,098	683,375
FLOOD RELIEF LOAN PROGRAM	298,758	—
LEASE OPTION CONTRACT RECEIVABLE (NOTE 1C)	561,385	724,185
SERVICED LAND AT SHERIDAN PARK, AT COST (NOTE 1D)	361,036	440,191
FIXED ASSETS, AT COST LESS ACCUMULATED DEPRECIATION (NOTE 2)	3,169,909	3,394,167
LAND AND BUILDING HELD FOR SALE (NOTE 3)	131,528	125,000
	226,955,642	208,285,039

See accompanying notes to financial statements.

LIABILITIES	1980	1979
ACCOUNTS PAYABLE AND ACCRUED CHARGES	\$ 35,940	\$ 20,569
DEPOSITS AND TRUST ACCOUNTS	770,685	356,555
NOTE PAYABLE—ONTARIO LAND CORPORATION	683,375	793,695
ADVANCES FROM PROVINCE OF ONTARIO		
PERFORMANCE LOANS, SUBJECT TO FORGIVENESS	7,436,291	11,348,502
OTHER	200,851,057	180,400,983
	209,777,348	192,920,304
SHAREHOLDER'S EQUITY		
SHARE CAPITAL—AUTHORIZED AND ISSUED		
7,000 SHARES WITH A PAR VALUE OF \$1,000 EACH	7,000,000	7,000,000
RESERVE FOR REPLACEMENT OF BUILDINGS	700,000	700,000
RETAINED EARNINGS	9,478,294	7,664,735
	17,178,294	15,364,735
	226,955,642	208,285,039

ON BEHALF OF THE BOARD:

JAMES H. JOYCE, DIRECTOR

PETER H. HARROWER, DIRECTOR

NORMAN CARSON, DIRECTOR

THE DEVELOPMENT CORPORATIONS
COMBINED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1980

	1980	1979
	\$	\$
BALANCE (DEFICIT), BEGINNING OF YEAR	7,664,735	(596,782)
NET PROFIT FOR THE YEAR	1,813,559	8,261,517
BALANCE, END OF YEAR	9,478,294	7,664,735

See accompanying notes to financial statements.

THE DEVELOPMENT CORPORATIONS
COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1980

	1980	1979
	\$	\$
INCOME		
INTEREST	12,210,902	10,781,924
NET PROFIT ON INDUSTRIAL PARKS OPERATIONS (SCHEDULE 1)	672,580	304,017
RENTAL AND OTHER	48,020	55,095
GAIN ON SALE OF SERVICED LAND	157,204	—
GAIN ON DISCHARGE OF LEASE OPTION CONTRACT	15,508	—
	13,104,214	11,141,036
EXPENSE (NOTES 1(F), 5)		
SALARIES AND STAFF BENEFITS	3,865,766	3,810,981
TRANSPORTATION AND COMMUNICATION SERVICES	265,466	217,333
	271,557	256,669
SUPPLIES AND EQUIPMENT (NOTE 1E)	98,797	59,096
PERFORMANCE LOAN FORGIVENESS	3,862,195	3,601,833
PERFORMANCE LOANS WRITTEN OFF	—	387,255
PAYMENTS ON GUARANTEED BANK LOANS	2,100,136	36,800
TERM LOANS WRITTEN OFF (NOTE 1B)	5,482,055	5,808,627
	15,945,972	14,178,594
LESS PROVIDED BY PROVINCE OF ONTARIO	15,945,972	(14,178,594)
	—	—
INTEREST, LESS RECOVERIES FROM PROVINCE OF ONTARIO (NOTE 6)	8,154,155	7,969,375
PROVISION FOR DOUBTFUL LOANS (NOTE 1B)	3,136,500	(5,089,856)
	11,290,655	2,879,519
NET PROFIT FOR THE YEAR	1,813,559	8,261,517

See accompanying notes to financial statements

THE DEVELOPMENT CORPORATIONS

STATEMENT OF INDUSTRIAL PARKS OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1980

	1980	1979
	\$	\$
INCOME		
RENTAL AND UTILITY CHARGES	2,754,733	2,482,699
INTEREST	429,223	276,682
OTHER	36,109	59,655
	3,220,065	2,819,036
EXPENSE		
SALARIES AND STAFF BENEFITS	1,061,777	1,060,059
MAINTENANCE AND ADMINISTRATION	866,115	842,762
DEPRECIATION	536,114	565,884
INTEREST EXPENSE	63,880	63,190
PAID DEBT EXPENSE	19,599	13,124
	2,547,485	2,545,019
	672,580	274,017
RECOVERY OF CAPITAL EXPENDITURE	—	30,000
NET PROFIT	672,580	304,017

See accompanying notes to financial statements

THE DEVELOPMENT CORPORATIONS

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 1980

SIGNIFICANT ACCOUNTING POLICIES

(A) GENERAL

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(B) LOANS RECEIVABLE

The corporations maintain allowances for doubtful loans which are determined through an analysis of loans receivable to determine to what extent collection is unlikely. The combined difference, which could be either positive or negative, between the figures so determined and the then current allowances for doubtful loans is reflected under "expense" in the Statement of Operations. Write offs of loans ultimately deemed uncollectable are not charged against the allowances for doubtful loans; instead they are charged as an expense, which expense is reimbursed by the Province.

(C) LEASE OPTION CONTRACT RECEIVABLE

A lease contract pertains to property leased to a client with an option to purchase. Only that portion of the rental which does not represent the lessee's potential equity in the

property is recorded as income, with the balance of the rental being deducted from the lease option receivable.

(D) SERVICED LAND AT SHERIDAN PARK, AT COST

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(E) DEPRECIATION

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment. No depreciation has been provided on land and building acquired as a result of default by a borrower referred to in note 3.

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition.

(F) EXPENSES

Expenses related to the Industrial Parks operations are recorded on an accrual basis. All other expenses include loan write offs are reflected on a modified cash basis followed by the Province.

2. FIXED ASSETS

FIXED ASSETS ARE STATED AT ACQUISITION COST AND CONSIST OF:

LIABILITIES	1980		1979	
	COST	ACCUMULATED DEPRECIATION	COST	ACCUMULATED DEPRECIATION
	\$	\$	\$	\$
LAND	341,514	—	341,514	—
BUILDINGS AND IMPROVEMENTS	6,726,665	3,956,440	6,437,607	3,460,800
EQUIPMENT	396,242	338,072	373,435	297,589
	7,464,421	4,294,512	7,152,556	3,758,389
	4,294,512		3,758,389	
	3,169,909		3,394,167	

3. LAND AND BUILDING

This arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

4. WHOLLY-OWNED SUBSIDIARIES, NOT CONSOLIDATED

Performance loans subject to forgiveness and term loans include amounts of \$452,000 and \$620,805 respectively, advanced to (and representing Northern Ontario Development Corporation's investment in) Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary. The reported loss of this subsidiary for the year ended March 31, 1980 amounted to \$196,027 and the reported deficit at that date was \$579,879.

The Northern Ontario Development Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the year ended March 31, 1980 amounted to \$1,177,273. The deficits of these two companies as at March 31, 1980 were reported at \$4,402,411 and the contributed surplus of these two companies as at March 31, 1980 was reported at \$681,858.

On July 18, 1978, debentures in the amount of \$4,000,000 and \$5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd., and Minaki Development Company Limited in favour of Ontario Development Corporation.

These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies.

5. EXPENSES

Expenses totalling \$15,945,972 (1979—\$14,178,594) which include loan write offs are reflected on a modified cash basis as followed by the Province and have been paid out of monies appropriated therefor by the Legislature.

6. INTEREST, LESS RECOVERIES FROM PROVINCE OF ONTARIO

In the provision of term loan financing, where the corporation's interest lending rates are lower than the borrowing rates, there are resulting losses arising therefrom. These losses are provided for out of funds appropriated by the Legislature. For the current fiscal year, amounts totalling \$8,446,000 (1979—\$6,591,920) were provided and have been deducted from interest expense.

7. CONTINGENT LIABILITIES

As at March 31, 1980 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$16,794,042 (1979—\$13,917,805). This includes bank loans guaranteed on behalf of Ontario Employment Development Fund of \$2,564,734 (1979—nil).

8. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1980 amounted to \$74,920,000 (1979—\$43,400,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$6,372,000 (1979—\$11,364,045). This includes \$2,179,500 (1979—nil) in respect of the Ontario Employment Development Fund.

STRUCTURE OF THE DEVELOPMENT CORPORATIONS

The Ontario Development Corporation (ODC), Northern Ontario Development Corporation (NODC) and Eastern Ontario Development Corporation (EODC) were established in response to the unique characteristics and conditions of Ontario's three distinct geo-economic regions.

By directing financial assistance programs through three separate agencies, the corporations have the flexibility to strengthen programs in the slow growth areas that require a more concentrated effort to encourage economic development.

BOARD OF DIRECTORS

Each corporation has its own Board of Directors, consisting of business and professional people who are mainly resident in, and familiar with, the areas served by their respective corporation. Both NODC and EODC are represented on the Board of Directors of ODC, thus

providing an opportunity for the corporations to work together to ensure that financial assistance programs are planned, directed, and applied in a manner that will have a beneficial impact on the province as a whole.

The Boards of Directors supervise the affairs of the corporations, and are responsible for the approval of loans and loan guarantees offered to Ontario businesses. Offers of financial assistance in excess of \$250,000 receive final approval from the Lieutenant Governor in Council.

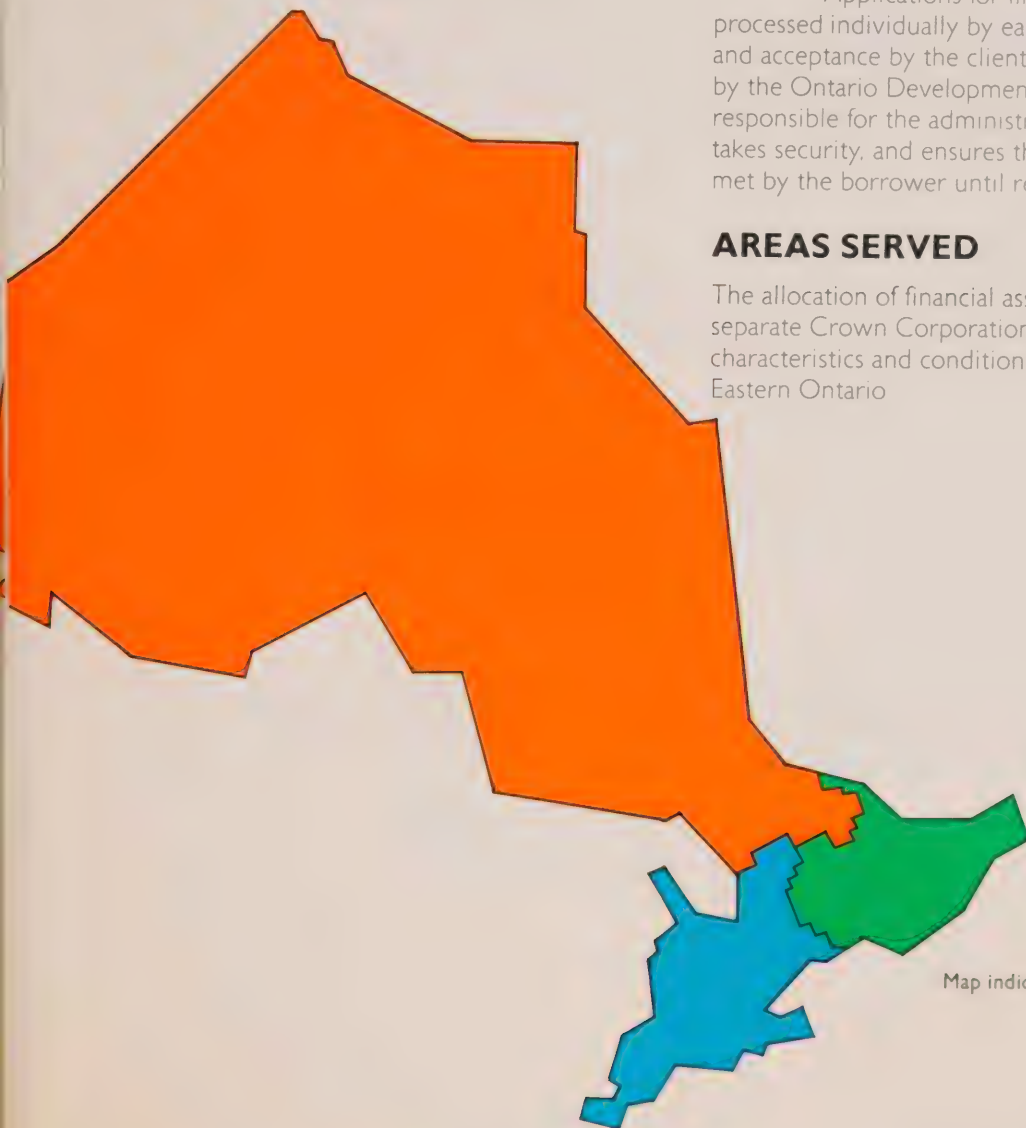
MANAGEMENT AND ADMINISTRATION

The programs and policies of the three corporations are co-ordinated through a single management and administration, under the direction of the Executive Director and Chief Executive Officer.

Applications for financial assistance are processed individually by each corporation. Upon approval and acceptance by the client, disbursement is provided by the Ontario Development Corporation. ODC remains responsible for the administration of all investments, takes security, and ensures that terms and conditions are met by the borrower until repayment is made in full.

AREAS SERVED

The allocation of financial assistance through three separate Crown Corporations reflects the unique characteristics and conditions in Southern, Northern, and Eastern Ontario.



Map indicating Corporation boundaries

Southern Ontario is served by ODC, with branch offices in London, Orillia, Kitchener, Hamilton, and Willowdale. NODC operates throughout Northern Ontario, including the Districts of Parry Sound and Nipissing. Branch offices are located in Sudbury, Timmins, and Thunder Bay. The area served by EODC covers 17 counties, eastward from and including the counties of Northumberland, Victoria, and Haliburton, with branch offices in Ottawa and Kingston.

The head office for all three corporations is located at 1200 Bay Street, Queen's Park, Toronto M7A 2E7.

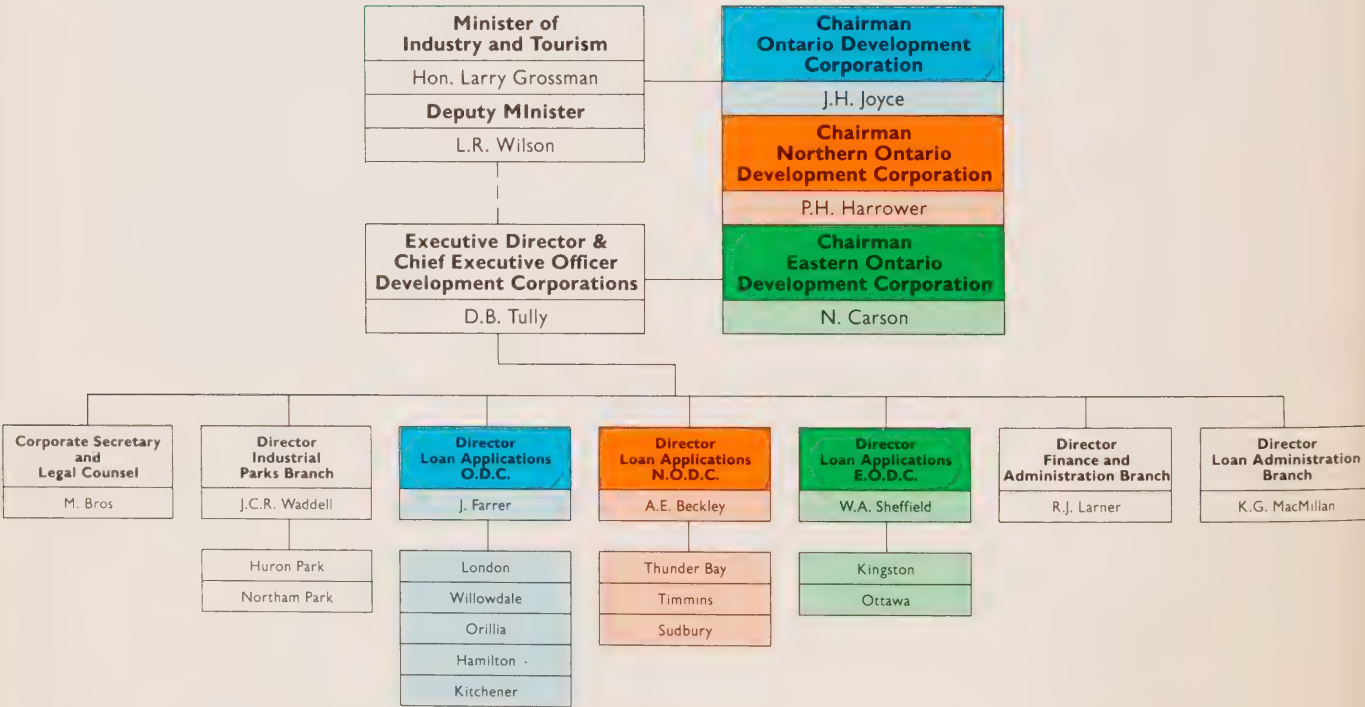
During 1980/81 new field offices will open in Mississauga (ODC), North Bay (NODC), and Peterborough (EODC).

INDUSTRIAL PARKS

The Ontario Development Corporation owns and operates two industrial parks—Huron Industrial Park, located 25 miles (40 k) north of London, near Exeter, and Northam Industrial Park, located in Cobourg, 67 miles (110 km) east of Toronto on Highway 401. These parks contain over 9 million square feet (2,745,000 sq. m) of manufacturing space in buildings ranging in size from 5,000 square feet (1,525 sq. m) to 100,000 square feet (30,500 sq. m). In addition to convenient access to major rail and highway routes, Huron Industrial Park contains its own airport with three paved runways.

ODC also manages the sale of undeveloped land at the Sheridan Park Research Community in Mississauga. Canada's first and most successful private research conglomeration, Sheridan Park presently contains research facilities for eleven of Canada's major corporations and houses 2700 research scientists and technicians and their support staff.

ORGANIZATION CHART



THE PROGRAMS OF THE DEVELOPMENT CORPORATIONS

The Development Corporations' financial assistance programs for small businesses have traditionally been directed towards secondary manufacturing industries, tourist operations and tourist attractions, and Ontario-based exporters of goods, services, and technology.

Recent policy changes have broadened their mandate to include those industries that benefit economic development in slow growth areas or encourage the replacement of imported goods, services, and technology. In addition, service industries which generate additional employment in the secondary manufacturing sector, and specialized service industries involved in the development of new markets abroad, may now be eligible for financial assistance.

In all cases, preference is given to small businesses and entrepreneurs with good potential, good products, and good management who can demonstrate an ability to contribute to the diversity and strength of the Ontario economy.

Through a number of programs, financial assistance can be arranged on a selective basis for a wide variety of projects and ventures, including:

- ☐ construction of new buildings or the purchase of existing buildings;
- ☐ purchase of production equipment;
- ☐ working capital;
- ☐ introduction of new products and technology;
- ☐ production, warehousing, or sale of goods for export;
- ☐ purchase of the fixed assets of a company;
- ☐ purchase of pollution control equipment and the purchase or modification of energy-saving equipment; and
- ☐ development, renovation, or expansion of tourist hotels, motels, lodges, or attractions.

The type of financial assistance provided will be tailored to the needs of the applicant. Every effort is made to involve private lenders in financing new projects.

Corporation consultants can assist small businesses in approaching private lenders or other sources of government funding. Often, where a project is clearly viable, but security is a concern, a guarantee provided by the corporations, will encourage private participation.

Finally, to act as a catalyst to a new investment project, direct loans from the ODC, NODC, or EODC, involving a variety of terms and conditions of repayment adapted to meet the specific needs of the small businessman, may be appropriate. In some cases special incentives may be offered if it can be shown that the project would not succeed unless such assistance were available.

GUARANTEES

The corporations are prepared to guarantee loans or a portion of a loan from other sources, provided adequate funds would not otherwise be available. Guarantees are offered to a maximum of \$1,000,000 and a nominal fee is usually charged for this service. Details of these guarantees are designed to encourage private lender participation in selecting, evaluating, and monitoring the investment.

TERM LOANS

Term loans, normally to a maximum of \$500,000, are available either singly or as part of a total financial package. In some cases, loans to companies employing less than 100 persons carry an interest rate lower than the corporations' base lending rate. Other incentives in the form of interest and principal deferment are available, where appropriate, to encourage business development. To qualify for this incentive, the borrower must show that:

- ☐ a substantial number of new jobs will be created or present jobs maintained in areas where jobs are scarce;
- ☐ the incentive is necessary to carry the business to the point where eventual commercial success is considered likely, during a period when available resources and cash flow are inadequate; or
- ☐ the incentive is necessary to ensure that a more extensive project will be undertaken now and in Ontario.

Under the Ontario Business Incentives Program (OBIP) loans may be interest-free for up to five years, and principal repayment deferred for a similar period. As part of the regional development mandate of the corporations, business incentive financing will be more generous in Northern and Eastern Ontario and in the less developed parts of central Ontario.

To encourage the development of new products and technology, venture capital loans are available to small businesses. Principal and/or interest may be deferred for up to five years or repayment can be based on earnings so that debt servicing requirements are reduced during the initial high risk period of launching a new product or new process.

EXPORT SUPPORT LOANS

Ontario exporters are eligible for loans of up to \$1,000,000 if they have difficulty in securing adequate conventional financing. The corporations will provide a line of credit for financing the production of goods for export or for financing foreign accounts receivable. This program may be applied in addition to financing received under other Development Corporation programs. In some cases, interest rates lower than the corporations' base lending rate may be applied.

TOURISM LOANS AND GUARANTEES

The corporations offer loans to the tourist industry for the establishment of new tourist facilities and for the upgrading, winterizing, or expansion of existing facilities. The program is only applied in areas where tourism is of major importance to the local economy. In most cases, tourist industry loans carry an interest rate lower than the corporations' base lending rate. Loans for the establishment of new tourist facilities in ODC areas, however, are offered at the base rate.

Additional financial assistance for the tourism industry is available through the Tourism Redevelopment Incentive Program (TRIP), operated by the corporations on behalf of the Ontario Employment Development Fund. Introduced in the fall of 1979, the program encourages the needed upgrading of Ontario tourist facilities by providing loan guarantees and interest subsidies in designated tourist areas.

Loan guarantees up to \$500,000 are offered to assist in financing the development, renovation, or expansion of a tourist hotel, motel, lodge, or attraction. Additional assistance is available in the form of an interest subsidy of five per cent annually for five years, declining by one percentage point per year over the next five years. TRIP guarantees are also offered on a selective basis to provide for the purchase or refinancing of an existing tourist facility, when it can be demonstrated that there will be a positive impact on Ontario's tourist potential.

INDUSTRIAL PARK LOANS

Municipalities in Northern and Eastern Ontario and Muskoka are eligible for financing assistance for purchasing and servicing industrial land within their municipal boundaries. The Ontario Industrial Parks Program (OIPP) offers loans of up to 50 per cent of the cost of purchasing and servicing land for industrial development, or 75 per cent of the cost of servicing land already owned by the municipality. Principal repayments are deferred for five years, and a portion of the interest is forgiven in decreasing amounts over the first four years. Private developers may also be considered for loans for servicing land owned by them, provided their proposal carries the prior approval and recommendation of the municipality in which the land is located.

FOREIGN SUBSIDIARY BUY-BACK PROGRAM

The corporations can provide financial support to assist Canadians in purchasing viable foreign controlled manufacturing operations which may be shut down or sold abroad. The program is highly selective, involving a hard-nosed commercial evaluation of the potential for success of the operation under Canadian ownership and management. Government participation takes the form of seed money, either as loans or guarantees, and is contingent upon a substantial equity investment by the principals.



The Candy Factory Limited, Collingwood

CANADIAN BOOK PUBLISHERS PROGRAM

In co-operation with the Ministry of Culture and Recreation, the Development Corporations administer a financing program for Ontario book publishers. The program provides working capital in the form of loan guarantees and/or interest subsidies, to support Canadian-owned Ontario publishers of Canadian books.

Guarantees based on the line of credit requirements and Canadian-authored book sales of each publisher, are available to a maximum of \$250,000. Interest subsidies to a maximum of \$50,000 annually, are available to cover 50 per cent of the prime borrowing rate.

EASTERN ONTARIO SMALL BUSINESS INCENTIVE PROGRAM

On behalf of the Ontario Government and the federal Department of Regional Economic Expansion, the Eastern Ontario Development Corporation administers a program designed to stimulate small business development in designated areas of Eastern Ontario. Under the Eastern Ontario Subsidiary Agreement, a total of \$10 million has been allocated by the two governments for assistance until the end of 1984. New or expansion projects in mining, quarrying, processing, manufacturing or related service industries, where approved capital costs do not exceed \$500,000, will be eligible for forgivable loans to a maximum of \$100,000.

ADVISORY SERVICES

Advisory services are provided to small businesses in the process of dealing with their financial requirements. Corporation consultants are highly skilled financial, management, and technical experts who can provide competent advice on most financial problems encountered by clients. In addition, consultants are in a position to refer clients to the broad base of technical expertise available through the Ontario Ministry of Industry and Trade.

EMPLOYMENT DEVELOPMENT FUND

The three corporations act on behalf of the Government's Employment Development Fund, providing a variety of marketing, analytic and administrative services. The EDF provides direct financial incentives to the private sector to stimulate economic growth in Ontario. Projects which make a major long-term contribution to employment, foster needed job skills, involve new products and innovation and expand export potential may be eligible for grants or loans under the program.

In addition to its general program of assistance, the Board of the EDF has initiated certain specific programs aimed at sectors of the Ontario economy where special problems and opportunities exist. Special assistance has been provided to promote productivity and pollution control investment in Ontario's pulp and paper industry, expansion and upgrading of the tourism industry, and productivity improvements in the textile and clothing sectors. The Development Corporations participate in the delivery of these initiatives and the general program of the EDF, as well as in the evaluation and assessment of specific requests for assistance.



Computer Assembly Systems Ltd., Brockville

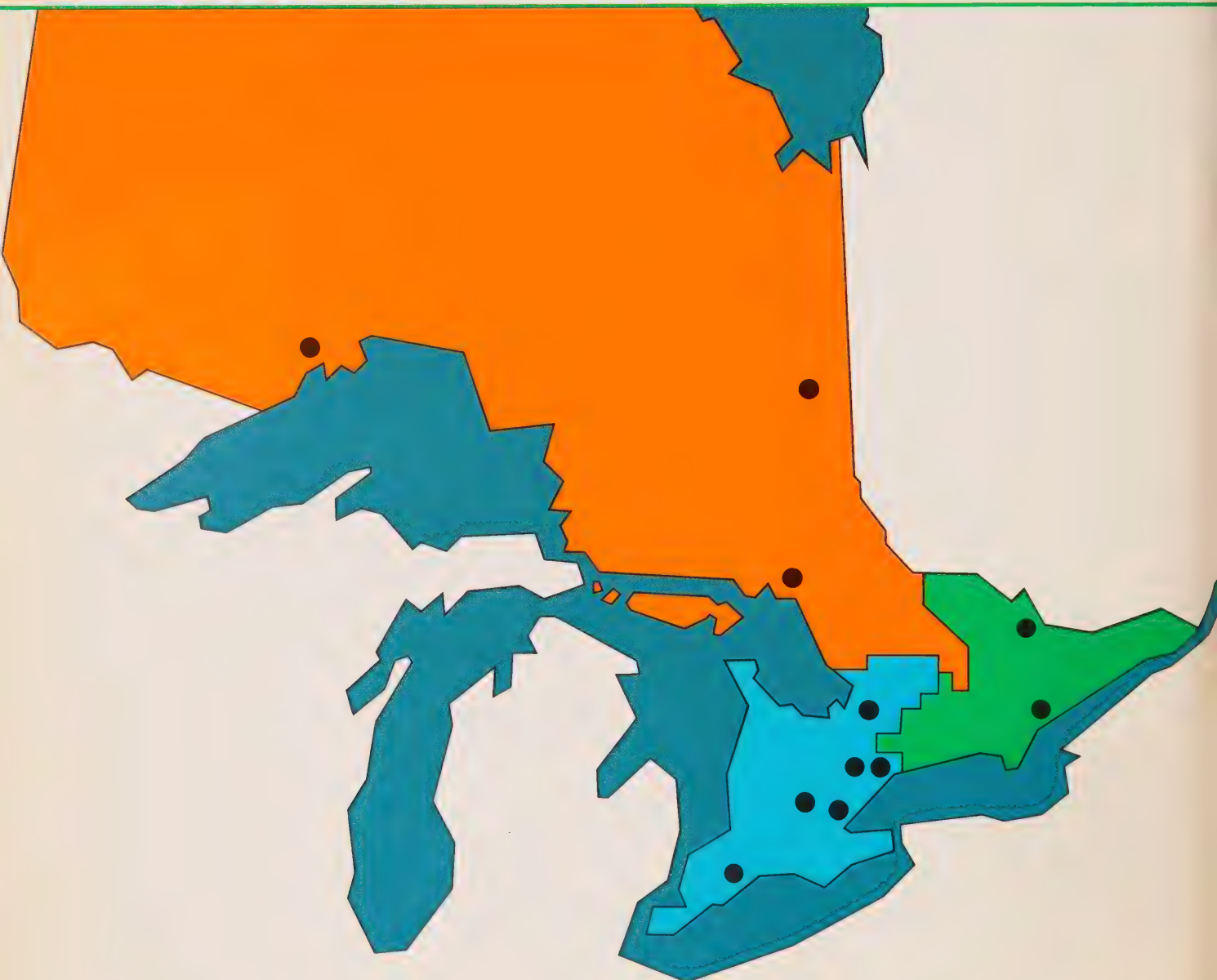
HOW TO APPLY

Applications for financial assistance and requests for further information from the Ontario Development Corporation, Northern Ontario Development Corporation, or Eastern Ontario Development Corporation may be directed to the nearest office of the appropriate corporation listed on the adjacent page. In addition, further information about the programs of the corporations is available through the offices of the Ministry of Industry and Tourism across the province and the offices of the Ministry of Northern Affairs in Northern Ontario.

Consultants make regular field trips to communities throughout Ontario. In Northern Ontario

advertisements announcing these trips are published in most daily and weekly newspapers.

Applicants will be asked to provide a brief description of the proposed project, an estimate of costs, the proposed financing and, where applicable, financial statements for the last three years. If an application is approved for further study, our consultants will assist in preparing a detailed analysis, including projected costs and sales forecasts. Providing adequate project information is readily available, discussions relating to the provision of financial assistance will normally require six to eight weeks.



LOCATION OF FIELD OFFICES

HEAD OFFICE

All Corporations
1200 Bay Street
Queen's Park
TORONTO, Ontario
M7A 2E7 (416) 965-4622

ONTARIO DEVELOPMENT CORPORATION

Field Offices:
Suite 601
10 Hughson Street South
HAMILTON, Ontario
L8N 2A1
(416) 527-3010

Suite 507
105 King Street West
KITCHENER, Ontario
N2G 1B9
(519) 744-1991

Suite 607
95 Dufferin Avenue
LONDON, Ontario
N6A 1K7
(519) 433-2871

3 Mississauga Street East
O. Box 746
ORILLIA, Ontario
L3V 6K7
(505) 325-5553

Suite 480
5 Fairview Mall Drive
WILLOWDALE, Ontario
M2J 2Z1
(416) 491-7996

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Field Offices:
4th Floor
199 Larch Street
SUDBURY, Ontario
P3E 5P9
(705) 675-4333
435 James Street South
THUNDER BAY, Ontario
P7C 5G6
(807) 475-1671

273 Third Avenue
TIMMINS, Ontario
P4N 1E2
(705) 264-1323

EASTERN ONTARIO DEVELOPMENT CORPORATION

Field Offices
Suite 308
1055 Princess Street
KINGSTON, Ontario
K7L 5T3
(613) 546-3101

Suite 404
56 Sparks Street
OTTAWA, Ontario
K1P 5A9
(613) 566-3707

MINISTRY OF INDUSTRY AND TOURISM FIELD OFFICES

143 Parkedale Avenue
BROCKVILLE, Ontario
K6V 6B2
(613) 342-5522

Suite 601
20 Hughson Street S
HAMILTON, Ontario
L8N 2A1
(416) 527-3194

Suite 308
1055 Princess Street
KINGSTON, Ontario
K7L 5T3
(613) 546-1191

Suite 507
305 King Street W
KITCHENER, Ontario
N2G 1B9
(519) 744-6391

Suite 607
195 Dufferin Avenue
LONDON, Ontario
N6A 1K7
(519) 433-8105

Northgate Plaza
1500 Fisher Street
NORTH BAY, Ontario
P1B 2H3
(705) 472-9660

Sterling Trust Building
2nd Floor, Box 488
73 Mississauga Street E
ORILLIA, Ontario
L3V 6K2
(705) 325-1363

Suite 404
56 Sparks Street
OTTAWA, Ontario
K1P 5A9
(613) 566-3703

Suite 104, Nor-Towne Plaza
1131 Second Avenue E
OWEN SOUND, Ontario
N4K 2J1
(519) 376-3875

139 George Street N
PETERBOROUGH, Ontario
K9J 3G6
(705) 742-3459

Suite 401, Prov. Gas Bldg
15 Church Street
ST. CATHARINES, Ontario
L2R 3B4
(416) 684-2345

120 Huron Street
SAULT STE. MARIE, Ontario
P6A 5N7
(705) 253-1103

Ontario Government Building
199 Larch Street
SUDBURY, Ontario
P3E 5P9
(705) 675-4330

Ontario Government Building
Box 5000, 3rd Floor
435 James Street S
THUNDER BAY, Ontario
P7C 5G6
(807) 475-1325

Suite 200
273 Third Avenue
TIMMINS, Ontario
P4N 1E2
(705) 264-5393

Suite 480
5 Fairview Mall Drive
WILLOWDALE, Ontario
M2J 2Z1
(416) 491-7680

New Corporation Building
Box 227
250 Windsor Avenue
WINDYBOL, Ontario
N2A 8V9
(519) 252-3475

REPORT OF LOANS AND GUARANTEES-1979/80

ONTARIO DEVELOPMENT CORPORATION LOANS AND GUARANTEES APPROVED 1979/80

\$100,000 AND UNDER

BORROWER	LOCATION	BORROWER	LOCATION
AAR-KEL MOULDS LIMITED	WALLACEBURG	FUTURAMA INTERNATIONAL	REXDALE
ACCURATE & AUTOMATIC SCALE CO. LTD.	SCARBOROUGH	G.A. FULLER & SON LTD.	CAMBRIDGE
ACORN SHOES INC.	MARKHAM	GEMMA PLASTICS CORPORATION	AJAX
ADANAC LOCK & SAFE COMPANY LTD.	BARRIE	GRAVENHURST PLASTICS LTD.	GRAVENHURST
ADAPTIVE MICROELECTRONICS LTD	THORNHILL	GYBRO INDUSTRIES LTD.	AGINCOURT
AGRI-CANVAS INC.	LISTOWEL	H.B. FULLER CANADA INC.	MISSISSAUGA
AGRI-PONICS MANUFACTURING LTD.	DOWNSVIEW	HAPPY HEARTS MOBILE HOME PARK	TOBERMORY
ALRIGHT BUILDING PRODUCTS LIMITED	MARKHAM	HARDMAN INDUSTRIES LTD.	REXDALE
ASCOLANA FOOD COMPANY LTD.	DOWNSVIEW	HEWITT'S DAIRY LIMITED	HAGERSVILLE
AUTOMATIC STAPLE MANUFACTURING LTD.	WESTON	HIGHLAND COVE MARINA LTD.	KINCARDINE
B.C. INSTRUMENTS INC.	KETTLEBY	HOFFMAN INVESTMENT (KIMBERLEY) LTD.	KIMBERLEY
BAZFLEX CANADA	CAMBRIDGE	J&S PRECISION LTD.	REXDALE
BIDDELL'S TIRE & BATTERY SERVICE	CHATHAM	JARIAN CORRUGATED PRODUCTS LIMITED	KITCHENER
BONIS AUTOMOTIVE PRODUCTS LIMITED	DOWNSVIEW	K&K CLOTHING LTD.	TORONTO
BRUNZEMA ORGANS INC.	FERGUS	LINWO INDUSTRIES LIMITED	AGINCOURT
C.F.M. CANADIAN FLOUR MILLS & BAKERY SUPPLIES LIMITED	AURORA	LOADBAR CORPORATION LTD.	BARRIE
CABLE CONTROL CORPORATION LIMITED	TORONTO	LONDON MAT INDUSTRIES LTD.	LONDON
CAN-AM FOREST PRODUCTS	MISSISSAUGA	M&J MARINA LIMITED	WINDSOR
CANASSEN LIMITED	HURON PARK	MARSY INDUSTRIES LIMITED	CONCORD
CANDON RECREATIONAL LTD.	BOLTON	MASLA MANUFACTURING LTD.	MARKHAM
CANHMAR INDUSTRIES LTD.	DUNDAS	McLARNEY MARINE INC.	PENETANGUISHENE
CAN MAR MANUFACTURING INC.	PELHAM	MEDI-CRAFT LIMITED	MALTON
CAYUGA AUTOMATIC MACHINING LTD.	CAYUGA	METROMAP PUBLICATIONS LIMITED	MARKHAM
CILLATEM LTD.	CONCORD	MITCHELL PLASTICS LTD.	KITCHENER
COMMON SENSE ENTERPRISES LTD.	CAMBRIDGE	NEO INDUSTRIES LIMITED	STONEY CREEK
D. BARNETT & CO. LIMITED	WATERLOO	NIKA SYSTEMS LIMITED	MISSISSAUGA
DIKKERS VALVES OF CANADA LTD.	REXDALE	ODIN STUDIOS LIMITED	MARKHAM
DI PAULO MACHINE WORKS LTD.	MISSISSAUGA	ONTARIO MOULD SUPPLY	CAMBRIDGE
DOMGLAS INC.	BRANTFORD	P.G.P. MANUFACTURING INDUSTRIES INC.	WALLACEBURG
DONALD SLOAT INDUSTRIES INCORP.	KITCHENER		
ELKA SALES & SUPPLIES LIMITED	SCARBOROUGH		
EXTRUSION PLASTICS	MARKHAM		
FACSCAN INC.	TORONTO		
FIRTH BROWN TOOLS (CANADA) LIMITED	CAMBRIDGE		
FLUID PACK SYSTEMS INC.	LONDON		
FRANCOZ METAL CORPORATION LIMITED	ORILLIA		

\$100,001 TO \$250,000

BORROWER

LOCATION

PLEASANT MANUFACTURING
CO. LTD.
POTLACH PUBLICATIONS LIMITED
R. BECKMAN CELLULOSE INC.
RAY WHITAKER & SONS
MANUFACTURING LTD.
ROBROY INDUSTRIES LIMITED
SEALPAC LIMITED
SHOP KING LIMITED
SIDBAR JEWELLERS LIMITED
SISMAN'S HOLDINGS LIMITED
SOCK FIBERGLASS (CANADA) LIMITED
SOLAL ROYALITE PRODUCTS INC.
SONOTROL SYSTEMS INC.
SPIETH-ANDERSON LIMITED
STERLING AUTOMOTIVE
SUPPLIES INC.
STERLING COFFEE
T.G.I. LENS LTD.
THELSTEN SERVICES LIMITED
THEDFORD PRODUCE LTD.
TRILLIUM ART STUDIOS LIMITED
WIN "H" INDUSTRIES INC.
JUNI-FLOW SYSTEMS
INCORPORATED
TENDRET ENTERPRISES LIMITED
TINOCLEAR MANUFACTURING
INCORP.
V.E. BUTT LIMITED
V.J. THORN LIMITED
VALTER TOOL & DIE LTD.
VOMEN'S EDUCATIONAL PRESS

REXDALE
HAMILTON
CAMBRIDGE

PORT PERRY
GUELPH
SARNIA
MISSISSAUGA
TORONTO
BRAMPTON
AURORA
CONCORD
REXDALE
ORILLIA

WINDSOR
DOWNSVIEW
SCARBOROUGH
TORONTO
THEDFORD
TORONTO
BARRIE

MISSISSAUGA
CAMBRIDGE

CAMBRIDGE
HAMILTON
LONDON
CONCORD
TORONTO

BORROWER

LOCATION

A&G CARPET PRODUCTS LTD.
ACCUFLEX INDUSTRIAL HOSE LTD.
ALDROVANDI EQUIPMENT
LIMITED
ALOMEG PRODUCTS INC.
API AUDIO PRODUCTS
INTERNATIONAL CORP.
AUTO FLUSH SYSTEMS LTD.
BOMA OFFICE PRODUCTS LTD.
BOOK SOCIETY OF CANADA LTD.
BOTTLERS ENGINEERING
& DESIGN LTD.
BRADLEY-FENN
ENTERPRISES INC.
CAMBRIDGE STAMPINGS INC.
CANADIAN A.S.E. LIMITED
CANPARTS AUTOMOTIVE
INTERNATIONAL LTD.
CANSOTECH INTERNATIONAL
INC.
CANTECO LIMITED
CERAM NIAGARA LIMITED
CHEMICAL WASTE
MANAGEMENT LIMITED
CITRA-MIX LTD.
CITY WIDE SCALE LTD.
COACH HOUSE INN
TOBERMORY LTD.
COMCO METAL & PLASTIC
INDUSTRIES LTD.
COM DEV. LTD.
COMPUTERWORLD CORP.
CUSTOM PERIPHERAL
EQUIPMENT LTD.
DAWTX INDUSTRIES INC
ELECTRIC T-SHIRT
COMPANY LIMITED
ELEGANT LAMP COMPANY
LIMITED
EUGENE GREGOR (IN TRUST)
FABULOUS FORMALS LIMITED
FUTURE ECO-SYSTEMS LTD
GLENELG TEXTILES LIMITED
GREG PALCU CORPORATION
LIMITED
HAMILTON CARHARTT MFG. LTD
HEATEX RADIATORS LIMITED
HEMATITE MANUFACTURING
INNOVATIVE IMPLEMENTS LTD
JAMES LORIMER &
COMPANY LIMITED

CAMBRIDGE
GUELPH

WOODBIDGE
WESTON

MARKHAM
WATERLOO
CAMBRIDGE
AGINCOURT

WATERLOO

BURLINGTON
CAMBRIDGE
DOWNSVIEW

MISSISSAUGA

DOWNSVIEW
KITCHENER
NIAGARA FALLS

SMITHVILLE
BARRIE
TORONTO

TOBERMORY

PORT PERRY
CAMBRIDGE
DON MILLS

MARKHAM
TORONTO

BRANTFORD

MISSISSAUGA
MELBOURNE
MIDLAND
MARKHAM
CAMBRIDGE

BRAMPTON
TORONTO
REXDALE
GUELPH
RIDGETOWN

TORONTO

OVER \$250,000

BORROWER

LOCATION

KENT COB INC.	PAINCOURT	A.G.S. ELECTRONICS LTD.	SCARBOROUGH
K.W. SPENCER (IN TRUST)	CAMBRIDGE	ALFORGE LIMITED	ORANGEVILLE
KELMAR MARINE CO.	BAYSVILLE	ARCHIMEDES MACHINE	
KLEER TUBE CANADA LTD.	AGINCOURT	SHOP LTD.	DOWNSVIEW
KRAEMER CHEMICALS LIMITED	ST. THOMAS	BURKE & WALLACE LIMITED	MISSISSAUGA
LIFT RITE INC.	MISSISSAUGA	BVA MANUFACTURING LTD.	SCARBOROUGH
LONDON PRECISION MACHINE		CANADA TUBE COMPANY LTD.	BOLTON
& TOOL INC.	LONDON	CANADIAN CHROMALOX	
M&K PLASTIC PRODUCTS LTD.	CONCORD	COMPANY LIMITED	REXDALE
MANSFIELD SKIWAYS LIMITED	MANSFIELD	CHEMICAL RESINS CORPORATION	TORONTO
McCLELLAND AND STEWART		CROYDON FURNITURE	
LIMITED	TORONTO	SYSTEMS INC.	CAMBRIDGE
MUNICIPAL CORPORATION OF THE		DEARLING WOOD	
TOWN OF GRAVENHURST	GRAVENHURST	PRODUCTS LTD.	SCARBOROUGH
OLIVER FIBERGLASS PRODUCTION		DURAN PLASTICS CORPORATION	CONCORD
(397237 ONTARIO LTD.)	NEW LOWELL	ELECTRICAL CONTACTS LIMITED	HANOVER
ONTARIO FORGING		ETATECH INDUSTRIES INC.	BRANTFORD
COMPANY LTD.	PORT COLBOURNE	FINE ART INTERNATIONAL	
OVAAC INTERNATIONAL		FURNITURE INC.	SCARBOROUGH
(CANADA) INC.	TORONTO	FUTRONICS INC.	KITCHENER
OWL INSTRUMENTS LIMITED	DOWNSVIEW	G.S. DUNN & CO. LIMITED	HAMILTON
PENETANGUISHENE MARINE &		GREYMORE INDUSTRIES	
AVIATION SERVICES INC.	PENETANGUISHENE	LIMITED	SCARBOROUGH
PICARD PEANUTS LTD.	WINDHAM	HIFIELD CORPORATION OF	
PORTAGE BAY FOOD		CANADA LTD.	HURON PARK
PRODUCTS LIMITED	BRADFORD	HODGSON'S STEEL &	
RISI STONE MANUFACTURING		IRON WORKS LTD.	NIAGARA FALLS
(1974) LTD.	RICHMOND HILL	HUGHES BOAT WORKS INC.	HURON PARK
SALTREE CANADA INC.	MARKHAM	KING HYDRAULIC POWER LTD.	WOODSTOCK
SUPERIOR CONCRETE		KOLMAR OF CANADA LTD.	BARRIE
ACCESSORIES (1980)	REXDALE	LEMBO CORPORATION OF	
THORBURMARK LIMITED	NEWMARKET	CANADA LTD.	MIDLAND
TRAVEL MATE MOTOR		ONTARIO BUS INDUSTRIES INC.	MISSISSAUGA
HOMES LTD.	OWEN SOUND	ONTARIO STORE FIXTURES INC.	WESTON
TUBE-LOK PRODUCTS LTD.	WOODSTOCK	ONTARIO WORLDAIR LTD.	MISSISSAUGA
VINAFLEX CANADA LIMITED	HAMILTON	PANAM CERAM TILE	
WAYNE FORGE LIMITED	MISSISSAUGA	INDUSTRIES LTD.	BOWMANVILLE
WILCO CANADA INC.	LONDON	PANELERA MANUFACTURING	
		(CANADA) LTD.	NIAGARA FALLS
		PLYMAR PRODUCTS (1977) LTD.	WESTON
		RBW INC.	OWEN SOUND
		TORCAN MFG. CO./ROTOR	
		ELECTRIC CO. LTD.	CONCORD
		VOLKER-CRAIG LIMITED	WATERLOO

NORTHERN ONTARIO DEVELOPMENT CORPORATION LOANS AND GUARANTEES APPROVED 1979/80

\$100,000 AND UNDER

BORROWER LOCATION

ASTRO ELECTRIC COMPANY LIMITED	SAULT STE. MARIE
BIG OAK PARK	STURGEON FALLS
BIRCHGROVE CAMP	ST. CHARLES
BROOKWOOD BRAE LIMITED	MINDEMOYA
BRUCE'S MARINA	N. HIMSWORTH TWP.
BUCKEYE CAMP	LAVIGNE
CAMP LA PLAGE	CALDWELL TWP.
CAMP LOUISE	RIVER VALLEY
CAMP RAYMOND	MACPHERSON TWP.
CAMPUS TRANSPORTATION LTD.	SAULT STE. MARIE
CITY WELDING (SUDBURY) LIMITED	SUDBURY
DE LUXE CAMP	MACPHERSON TWP.
DIVER'S HAVEN LTD.	PARRY SOUND
DOO-AL ALUMINUM	
WINDOWS INC.	NORTH BAY
DUHAIME'S LODGE	CALDWELL TWP.
H. SUMMERS MANUFACTURING LIMITED	NORTH BAY
REEN ROAD COTTAGES	CALLANDER
AC SEUL FLOATING LODGES	HUDSON
AKAIR LODGE	HADDO TWP.
AKEWOOD LODGE RESORT INC.	MACPHERSON TWP.
EGISAN LAKE TROUT CAMP INC.	MEGISAN LAKE
NIPISSING FISHING LODGE & WADES	
LANDING MARINA	NIPISSING TWP.
NIPISSING LODGE	NIPISSING
NIPISSING LODGE	STURGEON FALLS
FORCAN MACHINE WORKS LTD.	NORTH BAY
ANORAMA CAMP	CALDWELL TWP.
ELGRIM CREEK LIMITED	KUKAGAMI LAKE
PROMISED LAND CAMP	NIPISSING TWP.
PROSPER PINE CAMP	N. HIMSWORTH TWP.
EVERSIDE FUR FARM	CRERAR TWP.
DOCKVIEW CAMP	N. HIMSWORTH TWP.
EMOSET LODGE	HADDO TWP.
INDY BAY COTTAGES	CALLANDER
LA GULL LODGE	SPRINGER TWP.
SHINING TREE TOURIST CAMP	SHINING TREE
EARLITE MARINA LTD.	SPRINGER TWP.
STURGEON HOTEL MOTEL LIMITED	STURGEON FALLS
STURGEON RIVER TRAILER PARK	FIELD TWP.
SNBEAM MOTOR HOTEL LTD.	SPRINGER TWP.
NSSET COVE LODGE	N. HIMSWORTH TWP.
PERIOR HOME BAKERY LIMITED	SAULT STE. MARIE
WOOD PRODUCTS LIMITED	PARRY SOUND

THUNDERBIRD PRECAST LTD.	SHEGUIANDAH
VEUVE RIVER CAMP	CALDWELL TWP.
WALTONIAN INN	NIPISSING TWP.

\$100,001 TO \$250,000

BORROWER LOCATION

A.J. NORENCE EQUIPMENT LIMITED	NEW LISKEARD
BALDERSON CHEESE LTD.	THORNLOE
CITY BAKERY (NORTHERN) LTD.	NORTH BAY
CLOUTIER MACHINE SHOP LIMITED	KAPUSKASING
EXCAN PRODUCTS CO. LTD.	HEYDEN
FERROCLAD FISHERY LIMITED	BATCHAWANA
GLENDALE MOTOR HOTEL LIMITED	IROQUOIS FALLS
JAMES LAKE MOTEL	TEMAGAMI
MOOSE MOTEL	SMOOTH ROCK FALLS
ROADLINE INTERNATIONAL INC.	PARRY SOUND
S.E.R. HYDRAULICS LTD.	WALDEN
SAVANNE RIVER LANDING RESORT LTD.	SAVANNE
SHAW-ALMEX INDUSTRIES LIMITED	PARRY SOUND
SIOUX NARROWS MARINA	SIOUX NARROWS
TEMISKAMING PLASTIC INDUSTRIES LTD.	EARLTON
THREE "H" MANUFACTURING LIMITED	HAILEYBURY
THUNDER BAY SKI JUMPS LIMITED	THUNDER BAY
TIMMINS WOOD DISTRIBUTORS INC.	BARBERS BAY
TWO BAY ENTERPRISES LTD.	MOOSONEE
VALLEY EAST TRUCK TRADES LTD.	VAL THERESE
VANCE'S MOTOR INN LTD.	SPANISH
W.E. LEVERT MINING HARDWARE LTD.	SUDBURY
WHITE RIVER AIR	WHITE RIVER

OVER \$250,000

BORROWER LOCATION

A&L LA FRENIERE LUMBER LTD.	CHAPLEAU
BELVENT LIMITED	PARRY SOUND
DIACHEM THUNDER BAY LTD	THUNDER BAY

EASTERN ONTARIO DEVELOPMENT CORPORATION LOANS AND GUARANTEES APPROVED 1979/80

\$100,000 AND UNDER

BORROWER	LOCATION
AIR-CARE INC.	SMITHS FALLS
BENNETT & HANSON LTD.	SMITHS FALLS
BINNEY & SMITH (CANADA) LTD.	LINDSAY
BREITHAUPT LEATHER	HASTINGS & CAMPBELLFORD
CALABOGIE LODGE	CALABOGIE
CHEM-ECOL LTD.	COBOURG
F&T TOOLING INC.	PETERBOROUGH
FULCHER BROTHERS CONCRETE PRODUCTS LIMITED	EGANVILLE
HERITAGE SILVERSMITHS LTD.	PERTH
HILAN CREATIVE PLAYSTRUCTURES LTD.	ALMONTE
JOHNSTON BEDDING LIMITED	SMITHS FALLS
KAWARTHA PACKAGING LTD.	PETERBOROUGH
LABEL CENTRE LIMITED	OTTAWA
McCREARY'S BEACH	PERTH
RENDEZ-VOUS RESTAURANT	COBOURG
RICHARD BRANCKER RESEARCH LTD.	OTTAWA
ROGER'S PLATING LTD.	PERTH
ROY GOODFELLOW LIMITED	RENFREW
STAN PATERSON LUMBER	CLOYNE
STEGG ELECTRIC LIMITED	BELLEVILLE
TREMOLITE DIVISION RAM PETROLEUM LTD.	CLARENDON
TUL SAFETY EQUIPMENT LTD.	HAWKESBURY
TUMBLEHOME LODGE	CLARENDON
WEATHERTHERM INDUSTRIES INC.	LINDSAY

\$100,001 TO \$250,000

BORROWER	LOCATION
ALPINE RESORT	ROSENEATH
ASTRO DYEING & FINISHING LTD.	HAWKESBURY
DATA IMAGES	RENFREW
DEAN GEDDES (IN TRUST)	PERTH
EPITEK ELECTRONICS LTD.	KANATA
FAMILY INNS (ONTARIO) LTD.	GANANOQUE
FILTRAN LIMITED	NEPEAN
G.K.L. INDUSTRIES LIMITED	PETERBOROUGH
INTERNATIONAL WATER SAVER TOILETS INC.	WELLINGTON
JAMESBURY CANADA LTD.	OTTAWA
M.D. SNELL & SON LTD.	SHARBOT LAKE
MANUMETAL LIMITED	PEMBROKE
MERCURY SKI LIMITED	ARDOCH
MOUNT MADAWASKA CO-OPERATIVE LTD.	BARRY'S BAY
MUNICIPAL CORPORATION OF THE TOWN OF LINDSAY	LINDSAY
OTONABEE MOTEL LIMITED	PETERBOROUGH
OTTAWA RIVERBOAT LTD.	OTTAWA
PADDY'S INN LTD.	MORRISBURG
RENFREW TAPE LIMITED	RENFREW
SHAWNEESTONE INC.	OTTAWA
SUPERIOR FIRE TRUCKS LTD.	KINGSTON
TRENT RUBBER SERVICES (1978) LTD.	LINDSAY
TWIN OAKS MOTEL	CARLETON PLACE
WEATHER WISE SPORTSWEAR LTD.	VANLEEK HILL

OVER \$250,000

BORROWER	LOCATION
HYPERNETICS LIMITED	ARNPRIOR
M.A.N. — LEPPER INC.	NAPANEE
MASON BOATS LTD.	SMITHS FALLS
MISS KINGSTON BOAT LINE (INREC LIMITED)	KINGSTON
MUNICIPAL CORPORATION OF THE TOWNSHIP OF KINGSTON	KINGSTON
PROCAM STEEL PRODUCTS LTD.	PEMBROKE



Don Leblanc
Skullin Wines Inc.
Gara-on-the-Lake



Terry Bird
DSI Lighting Industries Ltd.
Scarborough



Karlan Jackowits
Ion Industries Ltd.
Ender



Peter Gjoni
Northern Pottery
Chapleau



Ministry of
Industry and
Tourism

Province of Ontario
Queen's Park
Toronto, Canada
M7A 2E1

Larry Grossman
Minister,
L.R. Wilson
Deputy Minister

ODC

NODC

EODC

CAN
DC
- A56

ONTARIO DEVELOPMENT CORPORATIONS

ANNUAL REPORT 1980/81





MINISTER'S MESSAGE

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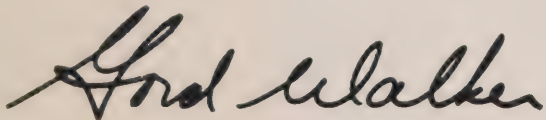
I am pleased to present this report, which outlines the activities and services undertaken during the 1980/81 fiscal year by the Ontario Development Corporation, Northern Ontario Development Corporation, and Eastern Ontario Development Corporation.

Since the fiscal year ended on March 31, 1981, the Ministry of Industry and Tourism has been reorganized as the Ministry of Industry and Trade, and I have only very recently assumed that portfolio. The successes and accomplishments outlined in these pages were under the guidance and direction of my predecessor, the Honourable Larry Grossman, who served as Minister of Industry and Tourism for almost three and one-half years.

Small business growth and development is critical to the economic well-being of this province. It is from the small, Canadian-owned businesses that many of the high productivity, innovative companies that will influence the 1980's are developing. But these smaller, inexperienced companies are subject to much greater risks, and it is often difficult for them to obtain adequate financing, particularly financing at rates conducive to growth and viability.

The development corporations were created in recognition of this gap that exists between demand and supply for small business financing in the private sector. Over the years, the Corporation's programs have been carefully monitored, preserving and improving those elements that have reflected the best results, while continually broadening their activities in response to new priorities and the changing economic climate.

I am pleased, as Minister of Industry and Trade, to have been given the opportunity to play a part in the future role of ODC, NODC, and EODC. I am confident, that with our combined efforts, we will continue to help Ontario's small businesses gain their full share of Ontario's future growth potential.



GORD WALKER, QC
MINISTER OF INDUSTRY & TRADE

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BOARDS OF DIRECTORS

The Honourable Larry Grossman was appointed Minister of Health on February 15, 1982, after having served as Minister of Industry and Tourism from October 18, 1978. As Minister of Industry and Tourism, Mr. Grossman's portfolio included the three Ontario Development Corporations.

Ontario Development Corporation

James H. Joyce, Toronto, Chairman
Norman Carson, Brockville, Vice-Chairman
J.M. Coulter, Sault Ste. Marie
David B. Cowper, Toronto
Lloyd S.D. Fogler, Q.C., Toronto
Janet E. Guest, Renfrew
Peter H. Harrower, Timmins
Bryan D. Hocking, Deep River
Fred E. Johnston, Ottawa
Michael D. Lipton, Q.C., Toronto
J. Ross Lowrie, Toronto
Jane Malcolm, Geraldton
Margaret A. McGarry, London
Fred. J. Pillgrem, Meaford
William A. Reid, Woodstock

Northern Ontario Development Corporation

Peter H. Harrower, Timmins, Chairman
J.M. Coulter, Sault Ste. Marie, Vice-Chairman
William E. Biggs, Alban
Pat Birnie, New Liskeard
Gerald Brousseau, Timmins
Andrew F. Coffey, Thunder Bay
William A. Elgie, Sault Ste. Marie
Douglas J. Johnson, Kenora
George E. Knowles, Kapuskasing
Jane Malcolm, Geraldton
Grant Oakes, Spring Bay
A. Mills Paton, Thunder Bay
Edward G. Skinner, Sudbury

Eastern Ontario Development Corporation

Norman Carson, Brockville, Chairman
Alex Siversky, Hawkesbury, Vice-Chairman
Aurele Clement, Cornwall
David C. Gifford, Peterborough
Janet E. Guest, Renfrew
John F. Guthrie, Belleville
Bryan D. Hocking, Deep River
Arnie Jackson, Carleton Place
Fred E. Johnston, Ottawa
William A. Kelly, Kingston
Robert F. Leach, Bancroft
Jean Guy Rivard, Orleans
C. Ian Ross, Ottawa
W. Reginald Workman, Winchester

LEFT TO RIGHT

Peter H. Harrower, Chairman, NODC
James H. Joyce, Chairman, ODC
Hon. Larry Grossman
Norman Carson, Chairman, EODC



HIGHLIGHTS OF 1980/81

Despite gloomy forecasts and critical conditions, the 1980/81 fiscal year was the most active period in the 15 year history of the Ontario Development Corporations. A total of 650 loans and guarantees were approved worth \$109.2 million, a 69% increase in volume and an 83% increase in dollar value over the previous year.

Historically, the development corporations have provided financial assistance to small and medium-sized businesses where funding at reasonable costs from private sources is inadequate. At the beginning of the year, it was recognized that lending limits were restrictive, and many viable projects had to be turned down for lack of suitable funding from the corporations. Consequently, maximum lending limits were doubled to \$500,000 for term loans and up to \$1 million for export support loans and guarantees.

Regional Characteristics

The Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation were created in order to provide financial assistance in keeping with the different economic patterns, growth divergencies and other unique characteristics of Ontario's three distinct geo-economic regions. In particular, special efforts have always been made to encourage the development of new, small industries in communities which are dependent on single sector industries, a problem more common in Northern and Eastern Ontario.

The increase in lending limits introduced at the start of the year enabled both NODC and EODC to provide much stronger support to businesses in their respective areas. The dollar value of loans and guarantees approved by NODC was over 132% higher than the previous year, while EODC showed an increase of 109.5%. In Southern Ontario, ODC recorded a 60% increase in dollar value over the 1979/80 fiscal year. (See Table 1)

Together, NODC and EODC directed over 61% of the three corporations' lending commitments (excluding guarantees and export loans) to projects in Northern and Eastern Ontario. The increased activity in these areas will no doubt have a positive effect on their industrial base in future years.

REGIONAL CHARACTERISTICS OF DIRECT LENDING COMMITMENTS

(excluding guarantees and export loans)



The Eastern Ontario Subsidiary Agreement (EOSA), which was signed between the Governments of Ontario and Canada in late 1979, introduced a new forgivable loan program funded equally by the two levels of government. EODC was appointed to act as agent for this program, applicable to selected areas under the corporation's jurisdiction.

CORPORATION COMMITMENTS ALL LOANS AND GUARANTEES

1980/81				1979/80		
	NUMBER	TOTAL \$ (MILLIONS)	AVERAGE \$ (000'S)		TOTAL \$ (MILLIONS)	AVERAGE \$ (000'S)
ODC	359	67.7	186.6	237	40.7	168.8
NODC	119	17.2	142.8	81	7.4	86.4
EODC	172	24.3	141.2	67	11.6	173.1
TOTAL	650	109.2	168.0	385	59.7	155.1

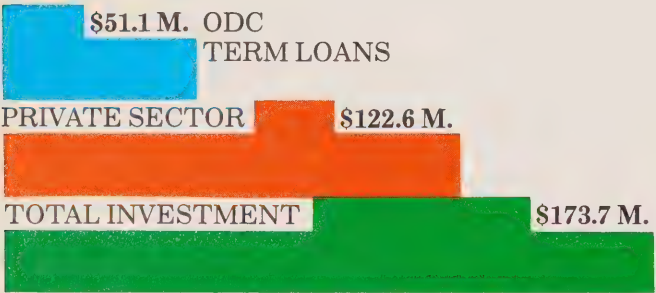
The Corporations as an Investment Stimulant

Although governments can set the tone for industrial development and growth, it is primarily the private sector that determines the future performance of our economy.

The development corporations, therefore, play a strong role as an investment catalyst by offering assistance on a selective basis in financing a portion of the borrowers total financial needs.

During the 1980/81 fiscal year, the corporations' interest rates were held at a level well below the conventional market rates, which in turn enabled the borrower to rely more heavily on private sector financing. This had a very positive effect on borrowing patterns, as every \$1.00 approved in direct term loan funding by the corporations, levered an additional \$2.40 from the private sector.

CORPORATIONS CAPITAL ASSISTANCE PROGRAMS STIMULATE OTHER INVESTMENT



Job Creativity

One of the major by-products of ODC financing is the creation of new employment opportunities.

Borrowers who received assistance during the year for new projects, business expansions, and improvements, have estimated that 13,538 new jobs will result from their investments over the next five years.

Export Financing

At the beginning of the year, the Minister of Industry and Tourism introduced the Export '80 Trade Action Plan, in an effort to expand and improve the Province's efforts to help Ontario-based firms compete more effectively in export markets.

Included in the plan were three initiatives directly affecting the development corporations:

- (1) The individual credit limit for borrowers was increased from \$500,000 to \$1 million.
- (2) The export financing component of the corporations' total budget was increased to \$25 million.
- (3) Trading houses would be eligible to apply for ODC export support financing.

The demand for export assistance increased rapidly, and by the end of the fiscal year on March 31, 1981, \$25,465,000 had been approved for 101 applicants, an increase of \$8.2 million (48%) and 35 approvals (53%) over the previous year.

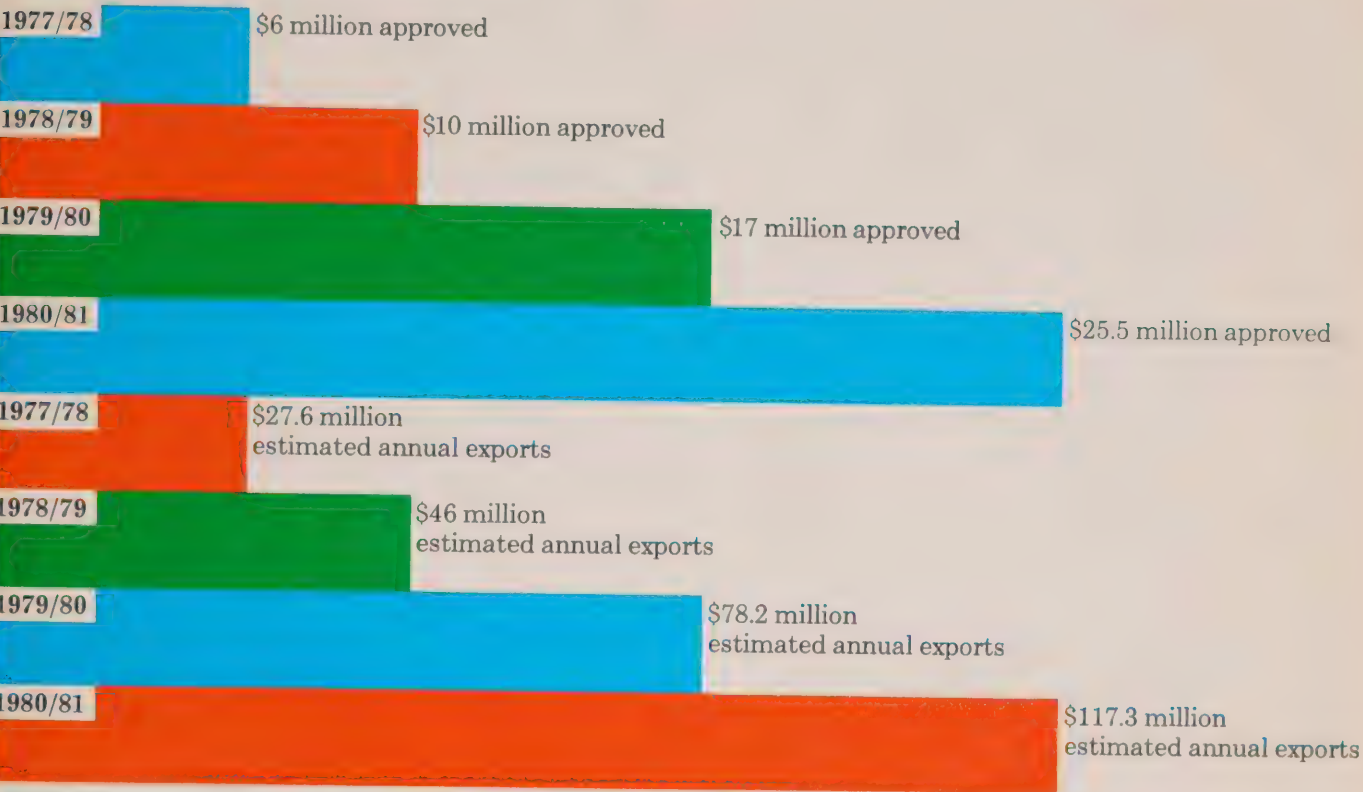
Under the terms of the program, a revolving line of credit is established for financing 90% of the borrower's receivables on a short-term basis. Because the average borrower uses his credit limit approximately four times a year, an estimated \$117.3 million in annual exports will be generated by the loans approved during the 1980/81 fiscal year.

NEW JOBS ASSISTED BY CORPORATION FINANCING (EXCLUDING EXPORT LOANS)

TABLE 2

YEAR ENDED MARCH 31	NUMBER OF LOANS	AMOUNT (\$000'S)	ESTIMATED NEW JOBS WITHIN 5 YEARS	AVERAGE NO. OF ESTIMATED NEW JOBS PER LOAN	AVERAGE AMT. OF LOAN PER ESTIMATED NEW JOB (\$000'S)
1976	240	22,190	2,731	13.4	8.1
1977	255	38,489	5,311	20.8	7.2
1978	398	53,767	7,103	17.8	7.6
1979	326	64,400	13,548	41.5	4.7
1980	296	34,377	8,281	28.0	4.2
1981	497	71,516	13,538	27.2	5.3

EXPORT SUPPORT LOANS
APPROVALS/ANNUAL EXPORTS



Since the Export Support Program was introduced in 1971, 488 companies have been approved for total credits of \$101.9 million. As of March 31, 1981, 108 of these loans are still active with authorized credit lines of \$56.7 million.

Tourism Financing

Since 1970 the tourism sector has been a major market for development corporations financing. This year,

103 tourist loans were approved totalling \$10.0 million, an increase of 178% in volume and 167% in dollar value.

Under the Tourism Redevelopment Incentive Program (TRIP), which provides guarantees with an interest subsidy, there were thirty-three approvals worth \$11.2 million.

Because tourist term loans and the TRIP program are restricted to areas where tourism is a vital part of the economy, NODC and EODC share the major portion of the three corporations, total tourism investments.

TOURISM FINANCING

TABLE 3

	1980/81				1979/80			
	LOANS		TRIP		LOANS		TRIP	
	NUMBER	\$ MILLIONS	NUMBER	\$ MILLIONS	NUMBER	\$ MILLIONS	NUMBER	\$ MILLIONS
NODC	22	2.9	17	5.9	8	0.6	9	4.1
EODC	50	4.4	11	3.4	19	1.9	3	0.5
NODC	31	2.8	5	1.8	10	1.3	4	1.9
TOTAL	103	10.1	33	11.1	37	3.8	16	6.5

Other Programs

The corporations made greater use of guarantees during the past year in an effort to ensure that borrowers had access to adequate private sector funds. A total of \$14.9 million was approved for 88 companies involved in secondary manufacturing and related services.

Seven Ontario-based publishers received guarantees worth \$3.6 million through the Publishers Guarantee program, operated on behalf of the Ministry of Culture and Recreation.

The development corporations were called upon to process special disaster aid following an explosion and fire in the Town of Essex, a tornado in Oxford County and severe flooding in Northumberland County. Three loans and sixteen guarantees totalling \$547,000 were approved for three businesses in Essex, five in Oxford County and eleven in Northumberland County.

The Ontario Industrial Parks Program (OIPP) offers loans to municipalities to assist with the cost of purchasing and/or servicing industrial land. \$794,000 was approved for three municipalities during the year.

The overall cost of the programs of small business assistance provided by Ontario's three Development Corporations in 1980/81 totalled \$11,934,667. This was a decrease of \$2.6 million over the previous fiscal year.

THE COST OF THE DEVELOPMENT CORPORATIONS

CASH PAYMENTS BY TREASURY	1980/81	1979/80
Corporations' Operating Expenses	\$ 4,770,307	\$ 4,501,586
Payments on Guarantees	1,620,642	2,100,136
Loan Interest Written Off	880,359	590,197
Disbursements on Loans	32,919,159	39,150,000
Interest On Funds Advanced to Corporations	18,751,048	16,600,155
	58,941,515	69,942,074
CASH RECEIPTS BY TREASURY		
Net Interest on Advances	8,880,048	8,154,155
Advances Repaid	12,903,310	13,808,067
Recoveries on Loans Written Off	578,690	529,914
	22,362,048	22,492,136
Net Cash Outlay by Treasury	36,579,467	40,449,938
Less: Increase in Repayable Advances Due from Corporations	17,172,496	20,450,074
Net Cost to Treasury	19,406,971	19,999,864
Less: Cash Profits earned by Corporations	7,472,304	5,486,183
Net Cost to Government of Ontario	11,934,667	14,513,681
ELEMENTS OF COST		
Interest Incentives	9,871,000	8,446,000
Losses on Loans & Guarantees Less Recoveries	4,765,664	7,052,277
	14,636,664	15,498,277
Net Results of Operations - Cash Profit Less Operating Expenses	2,701,997	984,596
	11,934,667	14,513,681

Boards of Directors

Richard Rohmer, Q.C., Toronto, resigned from the Board of Directors of ODC and NODC in November, 1980. Mr. Rohmer, a prominent Canadian lawyer, author and military reservist, had served on the Board of Directors since 1972.

Raymond J. Walneck, Q.C., of Thunder Bay, Vice-Chairman of NODC, was appointed a Provincial Court judge during the past year, which necessitated his retirement from the Board of Directors of both ODC and NODC. Mr. Walneck was first appointed to NODC in 1970, and to ODC in 1978.

A number of terms of appointment to the three boards expired on March 31, 1981. Terry Davison of Windsor and Muriel Edwards of Cobourg had been directors of ODC since 1972.

Sudbury architect John Stefura retired from the Board of Directors of NODC after nine years of service.

The terms of five charter members of EODC expired on March 31. John Brown of Bancroft, John Flavelle of Pembroke, Don Johnson of Smiths Falls, Bogart Trumpour of Kingston, and Carl Weese of Trenton, were first appointed to EODC at its inception in 1973. Mr. Flavelle also served on the Board of ODC from 1974 until his retirement.

The following were appointed to the Boards of the corporations:

ODC:

J. (Mac) Coulter, Sault Ste. Marie
Lloyd S. D. Fogler, Q.C., Toronto
Janet Guest, Renfrew
Bryan D. Hocking, Deep River
Michael Lipton, Q.C., Toronto
Margaret A. McGarry, London

NODC:

A. Mills Paton, Thunder Bay
Edward G. Skinner, Sudbury

EODC:

John Guthrie, Belleville
Bryan D. Hocking, Deep River
Arnie Jackson, Carleton Place
William A. Kelly, Kingston
Robert F. Leach, Bancroft
Jean Guy Rivard, Orleans
C. Ian Ross, Ottawa.

J. David Girvin was appointed Executive Director and Chief Executive Officer in December, 1980.



FINANCIAL STATEMENTS 1980/81

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Tourism.

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1981 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1981 and the results of their operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.



Toronto, Ontario
September 8, 1981.

F.N. Scott, F.C.A.,
Provincial Auditor.

THE DEVELOPMENT CORPORATIONS

(Incorporated under The Development Corporations Act, 1973)

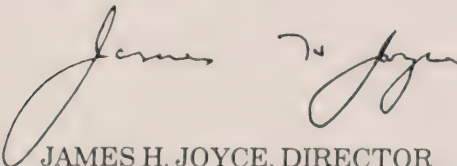
Combined Balance Sheet as at March 31, 1981

ASSETS	1981	1980
	\$	\$
Cash	10,038,150	12,832,451
Short term deposits	23,053,287	14,836,676
Accounts receivable	275,461	300,559
Loans receivable (<i>note 1b</i>)		
Term, regular, less allowance for doubtful loans of \$11,800,000; 1980 - \$9,542,000	88,559,682	88,496,188
Term, Ontario Business Incentives Program, less allowance for doubtful loans of \$3,600,000; 1980 - \$1,878,500	110,210,661	95,851,216
Performance, subject to forgiveness	3,354,366	7,454,838
Ontario Industrial Parks Program	3,184,703	2,111,098
Flood Relief Loan Program	329,505	298,758
Eastern Ontario Subsidy Agreement (<i>note 2</i>)	371,510	-
Employment Development Fund (<i>note 3</i>)	10,816,693	550,000
Lease option contract receivable (<i>note 1c</i>)	379,223	561,385
Serviced land at Sheridan Park, at cost (<i>note 1d</i>)	208,797	361,036
Fixed assets, at cost, less accumulated depreciation (<i>note 4</i>)	2,951,159	3,169,909
Land and building held for sale (<i>note 5</i>)	131,528	131,528
	253,864,725	226,955,642

See accompanying note to financial statements.

LIABILITIES	1981	1980
	\$	\$
Accounts payable and accrued charges	13,994	35,940
Deposits and trust accounts	101,559	770,685
Note payable - Ontario Land Corporation	666,321	683,375
Advances from the Province of Ontario Performance loans, subject to forgiveness	3,348,091	7,436,291
Other	229,290,245	200,851,057
Deferred revenue - Eastern Ontario Subsidiary Agreement (note 2)	371,510	-
	233,791,720	209,777,348
SHAREHOLDER'S EQUITY		
Share capital authorized and issued 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings	700,000	700,000
Retained earnings	12,373,005	9,478,294
	20,073,005	17,178,294
	253,864,725	226,955,642

ON BEHALF OF THE BOARD


JAMES H. JOYCE, DIRECTOR


PETER H. HARROWER, DIRECTOR


NORMAN CARSON, DIRECTOR

THE DEVELOPMENT CORPORATIONS
Combined Statement of Retained Earnings
for the year ended March 31, 1981

	1981	1980
	\$	\$
Balance, beginning of year	9,478,294	7,664,735
Net income for the year	2,894,711	1,813,559
Balance, end of year	12,373,005	9,478,294

See accompanying notes to financial statements.

THE DEVELOPMENT CORPORATIONS
Combined Statement of Operations
for the year ended March 31, 1981

	1981	1980
	\$	\$
Revenue		
Interest	14,514,525	12,210,902
Net income on Industrial Parks Operations (<i>Schedule I</i>)	755,088	672,580
Rent	58,333	48,020
Gain on sale of serviced land (<i>note 1d</i>)	406,313	157,204
Gain on discharge of lease option contract	20,000	15,508
	15,754,259	13,104,214
Expense		
Interest	18,751,048	16,600,155
Administration (<i>Schedule II</i>)	4,770,307	4,501,586
Performance loan forgiveness	3,952,931	3,862,195
Term loans written off (<i>note 1b</i>)	3,723,712	5,482,055
Payments on guaranteed bank loans	1,620,643	2,100,136
Increase in allowance for doubtful loans (<i>note 1b</i>)	3,979,500	3,136,500
	36,798,141	35,682,627
Loss before recoveries from the Province of Ontario	21,043,882	22,578,413
Recoveries from the Province of Ontario		
Interest expense	9,871,000	8,446,000
Administration	4,770,307	4,501,586
Performance loan forgiveness	3,952,931	3,862,195
Term loans written off	3,723,712	5,482,055
Payments on guaranteed bank loans	1,620,643	2,100,136
	23,938,593	24,391,972
Net income for the year	2,894,711	1,813,559

See accompanying notes to financial statements.

THE DEVELOPMENT CORPORATIONS
Statement of Industrial Parks Operations (note 1g)
for the year ended March 31, 1981

	1981	1980
	\$	\$
Revenue		
Rental and utility charges	2,876,636	2,788,211
Interest	617,620	431,854
	3,494,256	3,220,065
Expenses		
Salaries and staff benefits	1,106,488	1,061,777
Maintenance and administration	946,283	866,115
Depreciation	598,090	536,114
Interest expense	61,773	63,880
Bad debt expense	26,534	19,599
	2,739,168	2,547,485
Net income for the year	755,088	672,580

See accompanying notes to financial statements.

THE DEVELOPMENT CORPORATIONS
Combined Administration Expenses (note 1f)
for the year ended March 31, 1981

	1981	1980
	\$	\$
Salaries and staff benefits	3,717,965	3,865,766
Transportation and communication	381,721	265,466
Services	596,113	271,557
Supplies and equipment	74,508	98,797
	4,770,307	4,501,586

See accompanying notes to financial statements.

The Development Corporations

Notes to Combined Financial Statements

March 31, 1981

1. Significant Accounting Policies

(a) GENERAL

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) LOANS RECEIVABLE

The corporations periodically determine an allowance for doubtful loans by analyzing the loans for potentially uncollectible amounts and establishing the appropriate allowance. Any difference, which could be positive or negative, between this allowance and the previous allowance is reflected as an expense in the Statement of Operations.

Write-offs of loans ultimately deemed uncollectible are not charged against the allowance for doubtful loans; instead they are charged as an expense, which expense is reimbursed by the province.

(c) LEASE OPTION CONTRACT RECEIVABLE

This contract pertains to property leased to a client with an option to purchase. Only that portion of the rental which does not represent the lessee's potential equity in the property is recorded as income, with the balance of the rental being deducted from the lease option receivable.

(d) SERVICED LAND AT SHERIDAN PARK, AT COST

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(e) DEPRECIATION

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment. No depreciation has been provided on the building acquired as a result of default by a borrower referred to in note 5.

(f) ADMINISTRATION EXPENSES

These expenses are reflected on a modified cash basis as followed by the province.

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalizes all such expenditures.

(g) INDUSTRIAL PARKS OPERATIONS

Revenues and expenses related to the industrial parks operations are recorded on the accrual basis.

2. Eastern Ontario Subsidiary Agreement

The Eastern Ontario Subsidiary Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in eastern Ontario. It is jointly funded by the Government of Canada and Ontario under The Eastern Ontario Subsidiary Agreement. The objective is to assist in the establishment of new businesses and to encourage modernization and expansion of existing small businesses in the areas of mining, quarrying, manufacturing, processing (including agricultural and forest products) and related service industries. Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the province. Although transfer payments are normally recorded as revenue, the corporation has recorded the amount received from the province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. Employment Development Fund

The corporations act as agent on behalf of the government's Employment Development Fund which provide financial assistance to stimulate employment and investment opportunities in the Province of Ontario.



4. Fixed Assets

Fixed assets are stated at acquisition cost and consist of:

	1981		1980	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	\$	\$	\$	\$
Land	341,514	—	341,514	—
Buildings and improvements	7,086,834	4,517,745	6,726,665	3,956,440
Equipment	415,412	374,856	396,242	338,072
	7,843,760		7,464,421	
	4,892,601		4,294,512	
	2,951,159	4,892,601	3,169,909	4,294,512

5. Land and Building

This arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus cost of improvements.

6. Wholly-owned subsidiaries, not consolidated

Performance loans, subject to forgiveness and term loans include amounts of \$452,000 and \$947,425 respectively, advanced to (and representing Northern Ontario Development Corporation's investment in) Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary. The corporations have included the term loans in the allowance for doubtful loans. The reported loss of this subsidiary for the year ended March 31, 1981 amounted to \$266,183 and the reported deficit at that date was \$846,062.

The Northern Ontario Development Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the period ended March 31, 1981 amounted to \$1,130,622. The deficits of these two companies as at March 31, 1981 were reported at \$5,533,033 and the contributed surplus of these two companies as at March 31, 1981 was reported at \$681,858.

On July 18, 1978, debentures in the amount of \$4,000,000 and \$5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The corporations have not recorded these debentures nor the related interest receivable in the accounts.

The corporations have not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the corporations.

7. Contingent Liabilities

- As at March 31, 1981 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$31,862,000 (1980 – \$16,794,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of \$16,342,000 (1980 – \$2,565,000).
- A legal action claiming aggregate damages of \$4,000,000 has been instituted against the Northern Ontario Development Corporation by a former shareholder of Minaki Lodge Resort Limited and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

8. Commitments

Loans authorized but not disbursed as at March 31, 1981 amounted to \$92,190,000 (1980 – \$74,926,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$29,406,000 (1980 – \$6,372,000). This includes \$12,714,000 (1980 – \$3,579,000) in respect of the Employment Development Fund.

9. Comparative figures

Comparative figures have been reclassified where necessary to conform with 1981 presentation.

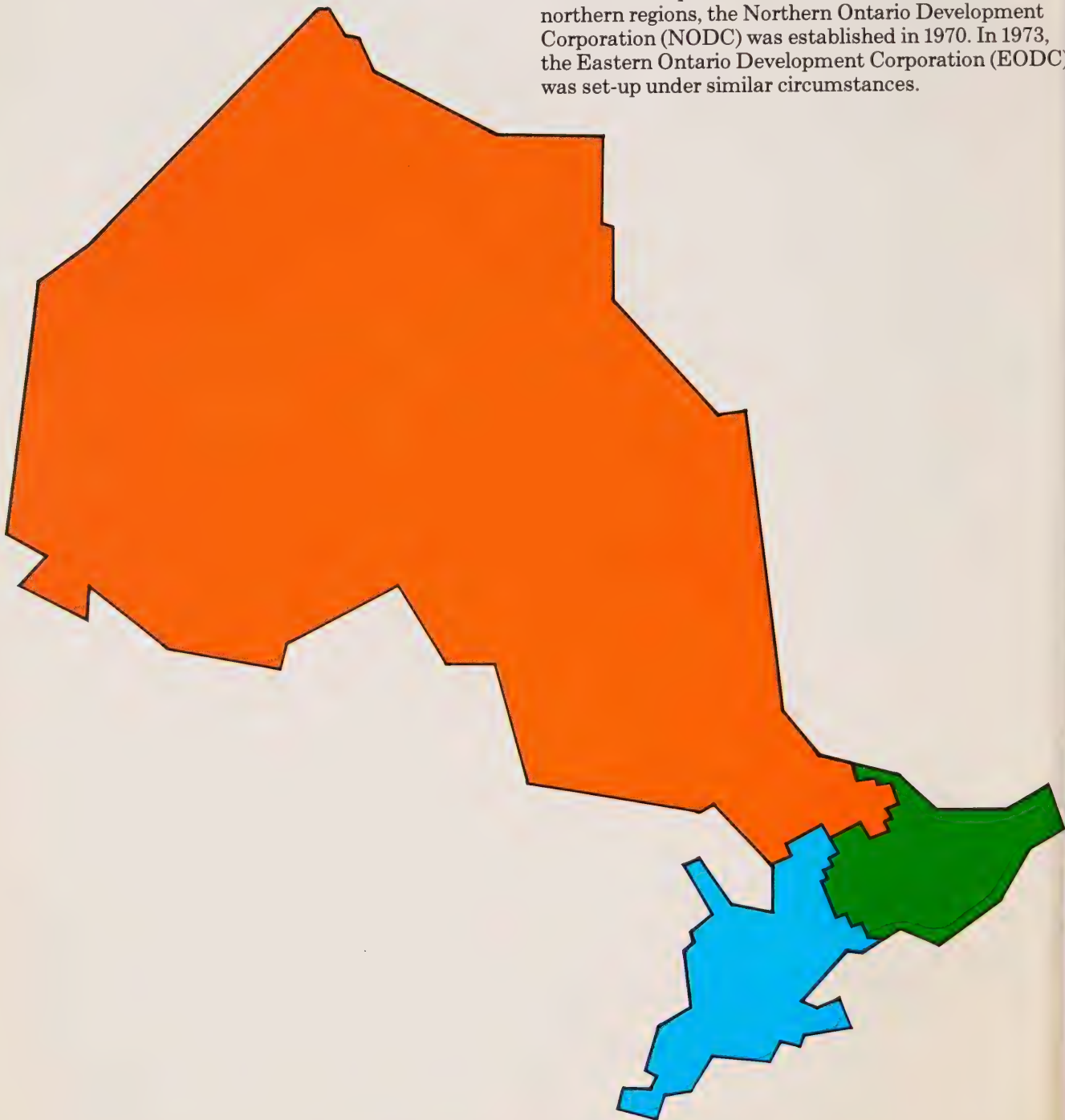


HISTORY AND STRUCTURE OF THE CORPORATIONS

The Ontario Development Corporation (ODC) was established by the Government of Ontario in the summer of 1966 as a successor to the Ontario Development Agency. Since 1962 the agency, a branch of the Department of Economics and Development, had operated an extremely limited and restricted financing program for companies who were unable to obtain conventional financing under reasonable terms and conditions.

As a crown corporation, ODC was empowered to provide small business financing through term loans, incentive loans, and guarantees. The main emphasis was on encouraging the establishment and expansion of manufacturing and tourist operations. The key goals were to reduce the importation of foreign manufactured products, encourage the development of new products and technologies, and increase the province's share of the world's export markets.

Initially, ODC served the business community throughout the entire province. In response to the special needs and unique characteristics of the province's northern regions, the Northern Ontario Development Corporation (NODC) was established in 1970. In 1973, the Eastern Ontario Development Corporation (EODC) was set-up under similar circumstances.



ORGANIZATION

CHART

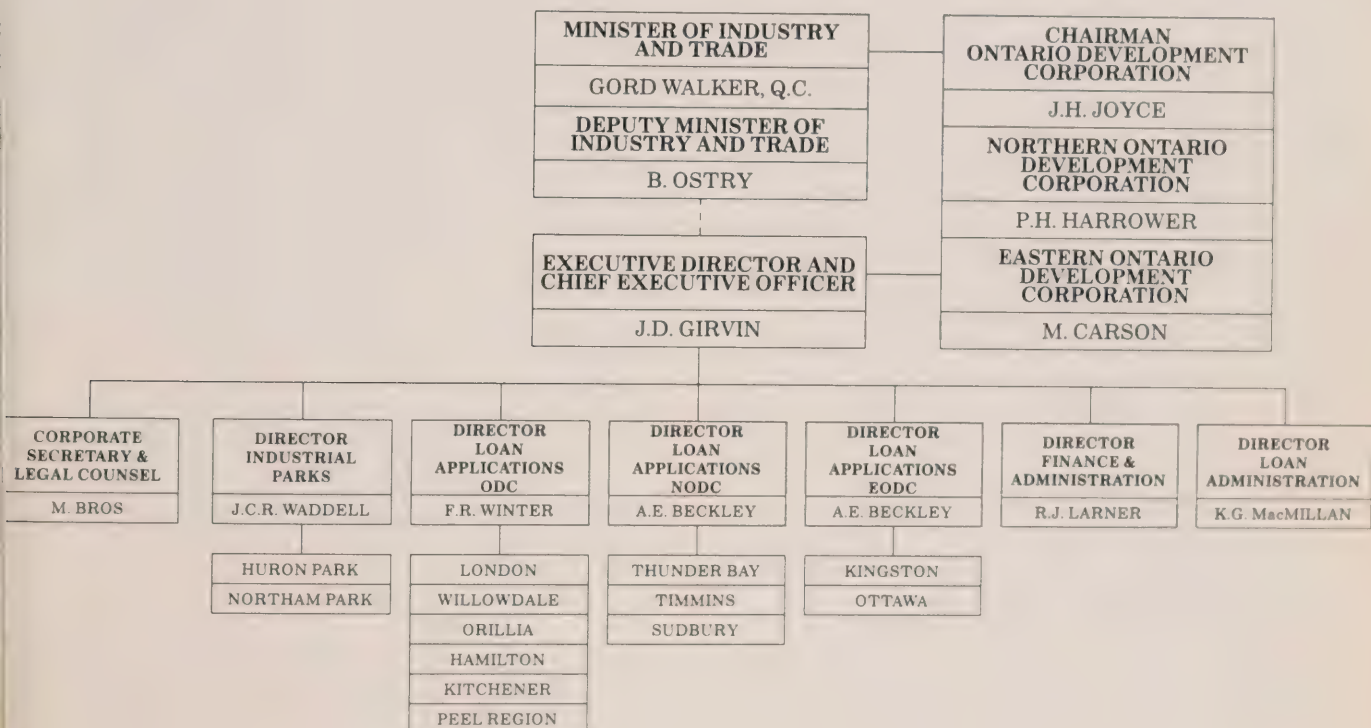
Over the past 15 years the corporations have provided funding worth over \$600 million to 3,246 Ontario businesses.

Each corporation has its own Board of Directors, consisting of business and professional people who are mainly resident in, and familiar with, the areas served by their respective corporation. Both NODC and EODC are represented on the Board of Directors of ODC, providing an opportunity for the corporations to work together to ensure that financial assistance programs are planned, directed, and applied in a manner that will have a beneficial impact on the province as a whole.

The Boards of Directors supervise the affairs of the corporations, and are responsible for the approval of loans and loan guarantees offered to Ontario businesses. Offers of financial assistance in excess of \$250,000 receive final approval from the Lieutenant Governor in Council.

The programs and policies of the three corporations are coordinated through a single management and administration, under the direction of the Executive Director and Chief Executive Officer.

Applications for financial assistance are processed individually by each corporation. Upon approval and acceptance by the client, disbursement is provided by the Ontario Development Corporation. ODC remains responsible for the administration of all investments, takes security, and ensures that terms and conditions are met by the borrower until repayment is made in full.



THE PROGRAMS OF THE DEVELOPMENT CORPORATIONS

The Ontario Development Corporation, Northern Ontario Development Corporation, and Eastern Ontario Development Corporation provide financial assistance in support of sound business proposals which offer significant benefits to the provincial economy in accordance with the province's objectives for regional development, import replacement, foreign market development, and generation of new technology.

The corporations serve as a financial catalyst in stimulating the growth of small business in Ontario by using term loans and guarantees to encourage greater financial participation by the private sector.

The Development Corporations can help businessmen and entrepreneurs design a financial package to fit their specific requirements by combining experience in business financing with an awareness of trends in the province's economy and a working knowledge of the diverse needs of Ontario's regions.

Eligibility for Assistance

The Development Corporations' staff will review proposals that make sound economic and business sense. Each application will be assessed against regional, technical, export, and social considerations to ensure its overall compatibility with the province's economic priorities and the need of the applicant for ODC participation.

The assistance available is highly selective and is geared towards entrepreneurs and small businesses with good management, competitive products, and strong potential who are generally involved in the following types of activities:

- secondary manufacturing;
- services closely allied with secondary manufacturing;
- tourism operations and attractions in areas where tourism is of major significance.

The types of projects that may be eligible for financial assistance on a selective basis, include:

- construction of new buildings or the purchase of existing vacant buildings;
- purchase of production equipment;
- initial commercial production of products involving new technology;
- expansion of high technology, growth firms;
- financing of foreign receivables in export markets;
- purchase and/or renovation of the fixed assets of a viable foreign-owned Ontario based company which otherwise would cease production;
- purchase of pollution control and energy saving equipment;
- development, expansion and renovation of tourist accommodation and attractions;
- purchase of tourist hotels, motels and lodges on a case-by-case basis in priority tourism areas;
- upgrading of tourism facilities in line with Tourism Ontario's Grading Program.

Assistance Available

The primary responsibility for initiating and financing new investments belongs to the private sector. The development corporations can play an important supportive role by providing supplementary financial assistance. This selective assistance, when combined with funding from conventional sources or from other government programs, provides a total financial package geared to the specific needs of the project and business.

The corporations receive a great number of enquiries for financial assistance and consequently, the requests are selectively evaluated and screened in comparison to other applications and potential uses of our resources.

When the Ontario Development Corporations do provide assistance it is generally in the form of one of these three vehicles:

- (a) guarantees, with or without incentives;
- (b) term loans, with or without incentives;
- (c) export support lines of credit.

(a) GUARANTEES:

The corporations may offer a total or partial guarantee of a loan from conventional sources in cases where adequate funding would not otherwise be available. This encourages private lender participation. The maximum guarantee offered is \$1,000,000.

In cases where there is a demonstrated need on the part of the applicant, and the proposal carries significant benefits for the province, the corporations may provide an incentive in the form of an interest subsidy decreasing over the initial years of the term of the loan. The incentive is usually tied to the cash flow requirements of the applicant.

(b) TERM LOANS:

Term loans to a maximum of \$500,000 are provided on a selective basis, usually as part of a total financial package, when traditional funding under normal terms and conditions is not sufficient. The terms of such loans are tailored to suit the individual needs and circumstances of the borrower.

In those circumstances where a project offers exceptional benefits to the province and the cash flow needs of the applicant cannot be met by other ODC programs, the corporations may selectively provide incentives in the form of interest and/or principal deferment.

(c) EXPORT SUPPORT LOANS:

Under the Export Support Program the Development Corporations assist with the financing of foreign receivables for Ontario based exporters who are experiencing difficulties in financing sales to foreign countries. Lines of credit established under this program carry an interest rate fixed for a one year period in order to provide some stability to new exporters.

HOW TO APPLY

Interest Rates

The corporations' basic interest rate by itself provides a significant incentive to applicants when compared to rates charged by other lenders. Rates lower than the corporations' basic rate apply to loans to the tourist industry, export support loans, and industrial park loans.

The Development Corporations and BILD

On behalf of the Board of Industrial Leadership and Development (BILD) the corporations provide screening, evaluating, and processing services for a number of financial assistance programs.

Canadian owned companies involved in high technology projects are eligible, on a selective basis, for start-up funding when their project has reached the proven prototype stage. In some cases, funding may be offered to companies needing money for development costs.

The type of financing offered will depend upon the project's risk level, and the borrower's cash flow requirements and potential earnings.

The Tourism Redevelopment Incentive Program (TRIP), offers loan guarantees and interest subsidies for the development, renovation, or expansion of tourist hotels, motels, lodges, and attractions. An interest subsidy of 5% per year applies for the first five years, declining by 1% per year to zero by the tenth year. Up to 10% of principal may be guaranteed to a maximum of \$500,000. The program may also be used to finance the purchase of an existing tourist business. Up to 75% of the value of the business (on an income basis) may be covered through TRIP.

Additional funding for the tourist industry is also available through the BILD sponsored Tourism Upgrading Program. Any solvent tourist operation which has received an official Tourism Ontario Grading report may apply for a term loan to implement recommendations made in the report. Upgrading proposals between \$5,000 and \$50,000 will be considered provided the application is submitted prior to beginning the upgrading project.

Financing for Publishers

In cooperation with the Ministry of Culture and Recreation, the Development Corporations administer a financing program to provide working capital for Canadian owned Ontario Publishers of Canadian books. Loan guarantees based on the line of credit requirements and Canadian-authored book sales, are available to a maximum of \$250,000. Interest subsidies to a maximum of \$50,000 annually, are available to cover 50% of the prime borrowing rate.

Industrial Parks

Loans are offered to municipalities to finance the purchase and/or servicing of land within its boundaries for use as an industrial park. The program provides for loans of up to 50% of the cost of purchasing and servicing suitable industrial land or 75% of the cost of servicing land already owned by the municipality. The term of the loan is 15 years, with principal repayment deferred for the first five years. Interest is forgiven on a declining scale over the first five years. The program does not apply to Metropolitan Toronto, and the Regional Municipalities of Durham, Halton, Peel, and York.

ODC owns and operates two industrial parks - Huron Industrial Park, located 40 kilometres (25 miles) north of London, near Exeter, and Northam Industrial Park, located in Cobourg, 110 kilometres (68 miles) east of Toronto on Highway 401. These parks contain over 9 million square feet of manufacturing space in buildings ranging in size from 5,000 to 100,000 square feet.

ODC also manages the sale of undeveloped land at the Sheridan Park Research Community in Mississauga.

Federally Assisted Programs

The Northern Ontario Development Corporation acts as the implementing agency for the Rural Employment Incentives Program and the Rural Industrial Infrastructure Program introduced by the federal-provincial Northern Ontario Rural Development Agreement (NORDA) in 1981. Similarly, the Eastern Ontario Development Corporation acts for the Small Business Incentive Program introduced by the federal-provincial Eastern Ontario Subsidiary Agreement (EOSA) in 1979.

In both cases, financing is in the form of forgivable loans offered to certain types of businesses in selected areas of the Northern and Eastern regions of the province.

How To Apply

Further information on assistance programs may be obtained from any office of the Development Corporations or the Ministry of Industry and Tourism, listed in this report.

Initially, applicants will be asked to provide a brief description of the proposed project including an estimate of costs, the proposed financing plan, and the most recent financial statements. If an application is eligible for further study, the corporation's staff will request additional information for a more detailed analysis, which is essential for a proposal's final consideration.



LOCATIONS OF FIELD OFFICES

The Ontario Development Corporation

1200 Bay Street
Queen's Park
TORONTO, Ontario
M7A 2E7
(416) 965-4622

Consult the blue pages of your local telephone directory for the toll-free number of the office nearest you. Look for "business financing" or the name of the appropriate corporation.

Ontario Development Corporation

Hamilton – 119 King Street West, P.O. Box 2112,
L8N 3Z9. Tel: (416) 521-7785

Kitchener – Suite 507, Canada Trust Building,
305 King Street West, N2G 1B9. Tel: (519) 744-1991

London – Suite 607, 195 Dufferin Avenue, N6A 1K7.
Tel: (519) 433-2871

Orillia – 73 Mississaga Street East, P.O. Box 746,
L3V 6K7. Tel: (705) 325-5553

Peel Region – Suite 608, 201 City Centre Drive,
Mississauga, L5B 2T4. Tel: (416) 279-9150

Willowdale – Suite 480, 5 Fairview Mall Drive, M2J 2Z1.
Tel: (416) 491-7996

Northern Ontario Development Corporation

Sudbury – 4th Floor, 199 Larch Street, P3E 5D9.
Tel: (705) 675-4333

Thunder Bay – 435 James Street South, P7C 5G6.
Tel: (807) 475-1671

Timmins – 273 Third Avenue, P4N 1E2.
Tel: (705) 264-1323

Eastern Ontario Development Corporation

Kingston – Suite 308, 1055 Princess Street, K7L 5T3.
Tel: (613) 547-2251

Ottawa – Suite 404, 56 Sparks Street, K1P 5A9.
Tel: (613) 566-3707



REPORT OF LOANS AND GUARANTEES 1980/81

Ontario Development Corporation Loans and Guarantees Approved 1980/81

\$100,000 and under

BORROWER	LOCATION	BORROWER	LOCATION
Aar-Kel Moulds Limited	Wallaceburg	Heassler & De Way Limited	Brampton
Air Filter Sales and Service Limited	Concord	Halpen Engineering (1978) Limited	Weston
Alcore Fabricating Corporation	Richmond Hill	Hardman Industries Limited	Rexdale
Apec Precision Industries Ltd.	Toronto	Heat Pumps of Canada Limited	Brantford
Apple Products (Glen Williams) Limited	Glen Williams	Hefco Machine Works	Weston
Argo Material Handling Limited	Ajax	Hinspergers Poly Industries Ltd.	Mississauga
Armstrong Electric Motors	Woodstock	Horizon Leather Goods	Toronto
Arzon Limited	Hamilton	IB Fynbo Hardware Limited	Essex
Automa High Precision Machining Inc.	Mississauga	Industrial Commutator Company Limited	Barrie
Barber Hydraulic Turbine Ltd.	Port Colborne	Industrial Filter Fabrics Limited	Hamilton
Bar-Doc Industries Limited	Concord	Industrial High Pressure Systems Inc.	Markham
Bass Block and Building Supplies Limited	Beamsville	Industrial Silver Products Ltd.	Hanover
Bent River Campground	Barrie	Inland Refractories Canada, Ltd.	Stoney Creek
Big Tub Lodge - Aroy Holdings Ltd.	Tobermory	International Woodworking Limited	Warton
C.H.P. Printing Limited	Toronto	Jaedro Trading Company Limited	Toronto
Calani Shoe Company Limited	Toronto	Koda Crystal Inc.	Rexdale
Canadian Babbitt Bearings	Burlington	Lawry's Foods Limited	Toronto
Cancore Manufacturing Inc.	Markham	Lester & Orpen Dennys Limited	Toronto
Candon Recreational Ltd.	Bolton	Linco Industries	Pickering
Canuck Compounds Inc.	Cambridge	Lincoln Trailers Ltd.	Pickering
Carousel Trophies Engraving & Enterprises	Essex	Lion's Head Beach Resort	Lion's Head
Centennial Motel & Restaurant	Sauble Beach	M & W Metal Spinning and Stamping Co. Ltd.	Downsview
Ceramex Inc.	Toronto	Macro Engineering Co. Ltd.	Mississauga
Coleman Safety Systems Inc.	Agincourt	Mastercut Industries Inc.	Waterloo
Colio Wines of Canada Limited	Harrow	The Masterweaver Limited	Toronto
Conestoga Chair Co. Ltd.	Wingham	Mercury Knitting Mills	Scarborough
Conestogo Medical Electronics Ltd.	Waterloo	Metromap Publications Limited	Markham
Consulac Incorporated	Oakville	Meyer Visual Productions Inc.	Toronto
Convexo Limited	Pickering	Mitten Industries Limited	Cambridge
Deerhurst Resorts Ltd.	Huntsville	Moore Material Handling (1978) Limited	Toronto
Detroit Motel Limited	Niagara Falls	Niagara Drying Systems Limited	Fonthill
Eden Manufacturing Co. Ltd.	Toronto	Niagara Triad Canada Ltd.	Ridgeway
Egan Visual Inc.	Concord	Nieuwhof Industries Inc.	Penetanguishene
Elka Sales & Supplies Limited	Scarborough	Our Ponderosa Trailer Park	Forest
Energy Conservation (1981) Limited	Mississauga	P.R. Machine and Tool Company Limited	Scarborough
Exanno Products Limited	Brantford	Pamco Electronics Inc.	Georgetown
Famco Motels Limited	Sarnia	Peter Pan Motel	Niagara Falls
Felco Industries Ltd.	Concord	Polytech Coatings Limited	Mississauga
Ferritronics Limited	Richmond Hill	Precisioncraft Limited	Brampton
FPI Contract Furniture Inc.	Mississauga	Proform Furniture Industries Limited	Mississauga
Frantisi Incorporated	Willowdale	Quality Circuits Manufacturing Limited	Downsview
Funcraft Vehicles Limited	Cambridge	Ralph Electronics	Woodstock
Future Fabricators Limited	Brampton	Relmech Manufacturing Limited	Elmira
G&H Machine Tool London Limited	London	Robinson Acoustics Limited	Richmond Hill
G.B.R. Metal Fabrication Inc.	Elmira	Royal City Glassworks Ltd.	Guelph
Galaxy Moulded Products Limited	Downsview	Saiga Industries Inc.	Port Colborne
Gerald Franklin's Hot Couture	Toronto	Set-Pak Limited	Rexdale
Grande Cheese Company Limited	Weston	Shirlon Plastics Company Ltd.	Mississauga
Grandview Farms	Huntsville	Smith Sanitation	Bala
H.D.M. Transformers Company Limited	Kitchener		
H. Gerald Wright	Toronto		

BORROWER

Solal Royalite Products Inc.
 St. Clair Ice Cream Limited
 Steelamatic Limited
 Steve's Welding
 Surgetech Systems Inc.
 TFI Plastic Mfg. Ltd.
 TML Industries Limited
 Techstar Plastics Inc.
 Tex-Print Ltd.
 Tony Crawford & Sons Ltd.
 Tri-View Electronics Limited
 Tri-Went Industries Limited
 Trimount Refining &
 Smelting Incorporated
 Trionics Communications Systems Ltd.
 Umbra Shades Ltd.
 Unique Coatings & Textures Limited
 Universal Knitting Limited
 Vonella Manufacturing Inc.
 W.F. Bishop and Son (Ontario) Limited
 Wiarton Marina Ltd.
 Witfield (USH) Incorporated

LOCATION

Concord
 Toronto
 Windsor
 Newton
 Toronto
 Thamesville
 Pickering
 Scarborough
 Charing Cross
 Woodstock
 Weston
 Scarborough
 Richmond Hill
 Willowdale
 Scarborough
 Rexdale
 Toronto
 Windsor
 Markham
 Wiarton
 Orangeville

\$100,001 to \$250,000

BORROWER

A.V. Electro Manufacturing Co. Ltd.
 Abbey Industries Limited
 Acorn Products (Canada) Limited
 Acriform Engineering Inc.
 All Treat Farms Limited
 & Laverne White Farms Limited
 Automatic Staple Manufacturing Limited
 Bateman's Inn and Restaurant
 Berg Chilling Systems Limited
 Bestsellers Inc.
 Bolton's Die Company Limited
 Bonne Bell of Canada Limited
 Bridgeview Marina Limited
 Brumal Manufacturing
 Corporation Limited
 Canadian Advanced Air Limited
 Carmor Manufacturing Ltd.
 Centoco Manufacturing Ltd.
 Charal Winery & Vineyards Inc.
 Charlescraft Corporation Ltd.
 and Bimax Ltd.
 Chrome-Tek Plastics Ltd.
 City Fibreglass Company Ltd.
 Colonial Homes Ltd.
 Commutron Limited

LOCATION

Weston
 Scarborough
 Weston
 Newmarket
 Arthur
 Weston
 Ridgetown
 Scarborough
 Toronto
 Windsor
 Mississauga
 Sarnia
 Scarborough
 Toronto
 London
 Tilbury
 Blenheim
 Toronto
 Windsor
 Scarborough
 Pickering
 Scarborough

BORROWER

Components Manufacturing
 Incorporated (TBI)
 Consolidated Computer Inc.
 Conspec Controls Limited
 Continental Pants Manufacturing Limited
 Costin Hotels Limited
 Creative Appliance Corporation Limited
 Delta-King Manufacturing Incorporated
 Diamond Plastic Containers Ltd.
 Dominion Luggage Co. Limited
 Duffy's Tavern (Amherstburg) Limited
 Dunia Manufacturing Limited
 Dunmark Manufacturing
 Company Limited
 Dura-Chrome Limited
 Etna Foods of Windsor Limited
 Fast Foods Inc.
 Fili Industries Ltd.
 Frikon Industries Limited
 General Equipment
 Manufacturing Limited
 Gray Engineering Group, The
 Gray Road Developments Ltd.
 Hidden Valley Inn Limited
 I.B.H. Machinery Inc.
 Interex Computing Systems Limited
 Intra-Medical Pharmaceuticals Limited
 J.G.M. Manufacturing Limited
 J.M. Die Limited
 James Lorimer & Company Limited
 King Canning Incorporated
 Keen-Flo Tumbler Industries Ltd.
 Laserwood Incorporated
 Laval-Phillips Tool & Mould Ltd.
 Le-Anco of Canada Incorporated
 Leamington Dock Restaurant Co.
 Load Lifter Manufacturing Ltd.
 London Machinery Company Limited
 Manley Steels Ltd.
 Manuchair Inc.
 McLean Bros. Fisheries
 Modular & Custom Cabinets Ltd.
 Motor Wheel Corporation of Canada Ltd.
 Mount Forest Industries Limited
 Multiple Business Forms Canada Inc.
 Mylar 2 Mold Ltd.
 Ormsby Concrete Products Limited
 Patio Paving Inc.
 Peter Makos Furs Limited
 Phillips Tool and Mould (London) Limited
 Photochemical Research Associates Inc.

LOCATION

Toronto
 Ottawa
 Downsview
 Toronto
 Essex
 Weston
 Willowdale
 Downsview
 Toronto
 Amherstburg
 La Salle
 Newmarket
 Wallaceburg
 Leamington
 St. Thomas
 Toronto
 Mississauga
 St. Thomas
 Markham
 Bracebridge
 Huntsville
 Guelph
 Toronto
 Orillia
 Harrow
 Mississauga
 Toronto
 Paincourt
 Scarborough
 Toronto
 Windsor
 Downsview
 Leamington
 Agincourt
 London
 Concord
 Rexdale
 Wheatley
 Concord
 Chatham
 Mount Forest
 Mississauga
 Wallaceburg
 Meaford
 McGregor
 Toronto
 London
 London

BORROWER

Pinelands Lodge of Muskoka Limited
 R. Martin Structures Limited
 Reflective Finishes
 Renata-Sandy Shoe Manufacturing Inc.
 Richardson Foods Limited
 Rima Manufacturing Company of
 Canada Ltd.
 Riverwood Enterprises and
 Manufacturing Limited
 Roberts Welding & Fabricating Ltd.
 RRP Manufacturing Corporation
 Ruddy Electric Wholesale Co. Limited
 Seriprint of Canada Limited
 Signa-Flash Limited
 Signtech Inc.
 Solartech Limited
 Sonotrol Systems Inc.
 Sullivan Strong Scott Ltd.
 Tape Specialties Limited
 Telemart International Ltd.
 Temperature Specialties
 Manufacturers Limited
 Top Notch Restaurant and Motel
 Travelodge
 Tribol Valve Company Limited
 Trimfit Company Limited
 Tsung Chia Limited
 Turner-Morgan Sales Ltd.
 Ventra Manufacturing Ltd.
 Volker-Craig Limited
 W. Holt & R.E. MacKenzie in Trust
 Wells Foundry Limited
 Youngstar Manufacturing Limited
 3 L Filters Limited

LOCATION

Port Carling
 Halton Hills
 Brampton
 Weston
 St. Marys
 Kingsville
 Toronto
 Embro
 Milton
 Oshawa
 Scarborough
 Mississauga
 Downsview
 Don Mills
 Rexdale
 Cannington
 Concord
 Markham
 Downsview
 Wiarton
 Sarnia
 Concord
 Rexdale
 Guelph
 Stratford
 Chatham
 Waterloo
 West Hill
 London
 Scarborough
 Cambridge

BORROWER

E. Cayley Hill (In Trust)
 E Pro Machine Ltd.
 Electric T-Shirt Company Limited
 Electrical Contacts Limited
 Firan-Glendale Corporation
 Food Machinery Engineering Limited
 Frank Heller & Co. Limited
 Freedland Industries Limited
 George White & Sons Inc.
 Holmes Foundry Limited
 Hunter Enterprises Orillia Limited
 Karnig Mann Limited
 Koolatron Industries Limited
 Lockwood Manufacturing Inc.
 Lowe Valve Ltd.
 M. Stone Clothing Company Limited
 Magnetic Metals Limited
 Mission Electronics North American
 Corporation
 Norapco Limited
 Opal Manufacturing Co. Limited
 Owen Sound Marina Ltd.
 Preservation Hall Ltd.
 Rexdale Plastic Limited
 Seabreeze Products of Canada Limited
 Tampo Manufacturing Canada Ltd.
 Truetech Plastics Systems Inc.
 Weightech Group
 Woodbridge Foam Corporation
 Zenith Radio Canada Limited

LOCATION

Goderich
 Stoney Creek
 Toronto
 Hanover
 Oakville
 Downsview
 Acton
 Kingsville
 London
 Sarnia
 Orillia
 Guelph
 Barrie
 Brantford
 Concord
 Toronto
 Brantford
 Rexdale
 Ajax
 Toronto
 Owen Sound
 Amherstburg
 Innisfil Township
 Toronto
 Guelph
 Concord
 Markham
 Woodbridge
 Toronto

\$250,001 and over

BORROWER

ATM Industries Limited
 Blast Cleaning Products Ltd.
 Brigade Tire Co. Ltd.
 Burnstein Castings Limited
 Cametoid Limited
 Canadian Admiral Corporation Ltd.
 Canadian Webcor Electronics Inc.
 Canparts Automotive International Ltd.
 Chemical Resins Corporation
 Clarke, Irwin & Company Limited
 Crila O.E.M.
 Donn Canada Limited
 Ebco Business Industries Incorporated

LOCATION

Mississauga
 Oakville
 Oakville
 St. Catharines
 Ajax
 Cambridge
 Leamington
 Cambridge
 Toronto
 Toronto
 Bolton
 Oakville
 Cambridge

Northern Ontario Development Corporation Loans and Guarantees Approved 1980/81

\$100,000 and under

BORROWER	LOCATION	BORROWER	LOCATION
Abernot's Camp	Blind River	Timber Wolf Lodge	Fort Frances
Angel Tire Services Inc.	Kenora	Timberland Motel	Dryden
Aviation-Marine Astorville Ltd.	Astorville	Timmins Wood Distributors	
B & B Shingles Ltd.	Smooth Rock Falls	Incorporated	McIntosh Springs
Country Tavern	Balmerton	Wawa Tent and Trailer	Wawa
Crest Wind Hotels Ltd.	Beardmore	Welcomship Limited	Thunder Bay
Digital Engineering Inc.	Thunder Bay		
Falcon Metals Inc.	Sudbury	<i>\$100,001 to \$250,000</i>	
Fare's Leisureland	Parry Sound	BORROWER	LOCATION
Folding Sawhorse Company Ltd.	Barwick	Alman Publishers and Printers	
Grassy Lodge Limited	Keewatin	(Espanola) Limited	Sudbury
Husky Motel, The	New Liskeard	Canadian Yacht Charters Limited	Gore Bay
Inn & Tennis Resort at Manitou Ltd.	McKellar	Central Spring Service Limited	Thunder Bay
J. & L. Aircraft Leasing Co. Ltd.	Sturgeon Falls	Coront Foods Limited	Sudbury
Li and Company Limited	Parry Sound	Creative Printing House	Sault Ste. Marie
Maniskotia Ski Resorts Ltd.	Timmins	Crema Furniture Limited	Sault Ste. Marie
Kenora Houseboating Inc.	Kenora	Emo Investments Ltd.	Emo
Kropf Industrial	Parry Sound	Ferroclad Fishery Limited	Bachawana Bay
Kuby's Aircraft Ltd.	Kenora	Foothills Timber Limited	Atikokan
L.P. System (Sudbury) Ltd.	Sudbury	Kent Brothers Limited	Iron Bridge
Labonte Seed Limited	New Liskeard	L.C. Fab	Thunder Bay
Lakeland Helicopters Ltd.	Temagami	Major Contracting (Algoma) Limited	Sault Ste. Marie
Lakewood Graphics Limited	Kenora	Manitoulin Transport Limited	Timmins
Loch Island Lodge	Dubreuilville	Mid-North Containers Limited	New Liskeard
Manitoulin Rock Garden Terrace	Spring Bay	Nestor Falls Hotel Ltd.	Nestor Falls
McLeod's Camp	Nestor Falls	North Shore White Truck Sales Limited	Thunder Bay
Minnitaki Lodge Rendezvous	Sioux Lookout	Northern Lites Motel	Cochrane
Moose Motel	Smooth Rock Falls	Northway Industries of Balfour Ltd.	Sudbury
Nakina Outpost Camps and Air Service	Nakina	Ontario Chromium Plating Inc.	Sudbury
For-Wood Products (Sault) Limited	Sault Ste. Marie	Riverview Lodge Limited, The	Dryden
Northern Consolidated Equipment,		Timmins Processing Incorporated	Timmins
Sales & Service Ltd.	Sudbury	Wawa Cablevision Limited	Wawa
Northern Customfab Inc.	North Bay		
Northern Pottery	Chapleau	<i>\$250,001 and over</i>	
Northern Press Ontario Limited, The	Sudbury	BORROWER	LOCATION
Northernaire of Manitoulin, The	Evansville	Alary Transport Limited	Hearst
N.W.I. Development Limited	Val Rita	CJBN Broadcasting Ltd.	Kenora
Nimnot Lodge	Crystal Falls	Dunlop Lodge 1980 Limited	Elliot Lake
Old Mill Camp	Katrine	General Cablevision Limited	Kenora
Ockerel Lake Lodge Limited	Burk's Falls	LAuberger Des Pionniers Inc.	Mattawa
Pickle Crow Outfitters	Pickle Crow	Mid-Canada Welding & Structural	
Powassan Farm Supply Ltd.	Powassan	Steel, Inc.	Thunder Bay
P.M.J. Body Filler	Val Therese	Nickel Belt Aluminum of Sudbury Limited	Sudbury
Patter Lake Recreation and Trailer Park	Hagar	Pem-All Fire Extinguisher Inc.	Sault Ste. Marie
Pied Lodge Resort	Sheguiandah	Pluswood Manufacturing Limited	Atikokan
Piverside Motel	Chapleau	R.W. Kangas Limited	Ignace
Puss Haven Resorts Ltd.	Burk's Falls	Soo Foundry & Machinery	
Pundy Bay Cottages	Callander	(1980) Limited	Sault Ste. Marie
Puffsbury Inn Inc.	Little Current	Stowe-Woodward Inc.	North Bay
Pouth Bay on Gull Rock	Red Lake	Thunder Bay Ski Jumps Limited	Thunder Bay
Former Wilderness Tent & R.V. Camp	Red Lake		
Substrates Ltd.	Thunder Bay		

Eastern Ontario Development Corporation

Loans and Guarantees Approved 1980/81

\$100,000 and under

BORROWER	LOCATION	BORROWER	LOCATION
Alaska Sash, Door and Window Ltd.	Ashton	Morton-Parker Limited	Trenton
Anthony's Delicatessen	Port Hope	Mount Pakenham Limited	Pakenham
B & H Tedford Machining and Fabricating	Port Hope	Mountain Orchards	Mountain
B & W Graphics Ltd.	Ottawa	National Printers (Ottawa) Inc.	Ottawa
Barker-MacKenzie Limited	Port Hope	Nordlaw Lodge	Westport
Bass Lake Lodge	Lombardy	Nortec Solar Industries Inc.	Manotick
Beachburg Packers	Beachburg	Northumberland Boat Works	Port Hope
Ben Hokum and Son Limited	Killaloe	O'Dette Energies of Canada Ltd.	Kingston
Bulk-Lift Canada Ltd.	Hawkesbury	Ottawa Printed Circuits Limited	Ottawa
CGS Woodrights Inc.	Carleton Place	Pat-Conn Limited	Jasper
Campinn Inc.	Milliken	Performance Printing (Smiths Falls) Ltd.	Smiths Falls
Cornwall Spinners Limited	Cornwall	Pine Valley Motel	Stonecliffe
DEW Engineering and Development Limited	Ottawa	Pineridge Trout Hatchery	Kendall
D.E. Meeks & Sons Concrete Ltd.	Bancroft	Prestec Electronics Ltd.	Ottawa
Deneau Publishers and Company Ltd.	Ottawa	Quinte Alternator & Starter Ltd.	Belleville
Dilfo Mechanical Limited	Ottawa	R. & S. Hazelwood Ltd.	Codrington
Dipix Systems Limited	Ottawa	Regal Knitting Mills Inc.	Alexandria
Dussek Bros. (Canada) Limited	Belleville	Reltek Inc.	Kanata
Dyeco Limited	Kingston	Roger's Plating Ltd.	Perth
Earl Bunke	Pembroke	Running and Ojala Incorporated	Ottawa
Earl H. Snyder Stores Ltd.	Port Hope	S & R Body Shop (Port Hope) Ltd.	Port Hope
Eastern Aircraft Structural Repairs Ltd.	Arnprior	S.C. Walker Manufacturing Company	
Ennismore Inn & Resort Limited	Peterborough	Limited, The	Ottawa
G.B. Book Plastics Ltd.	Peterborough	Slogan Signs & Service Ltd.	Port Hope
Gary Russell Electric Ltd.	Port Hope	Smith, Irwin & Conley Limited	Smiths Falls
George A. Wright & Son Machine		Spencerville Hotel Limited	Spencerville
Works Limited	Kingston	Stearns & Foster Canada Limited	Trenton
Glen-Lor Lodge	Sydenham	Summerstown Marine (1980) Ltd.	Cornwall
Gould Sand & Gravel	Renfrew	Sunny Acres Resort and Marina	Seeley's Bay
Gould Shoes	Port Hope	Sunset Cottage Resort and Marine	Bobcaygeon
Grandview Lodge	Castleford	Tattner Incorporated	Hawkesbury
Hillcrest Haven Cottages and Lodge	Haliburton	Thomas J. Neuman Limited	Palmer Rapids
Horner's Arts & Crafts	Port Hope	Town of Prescott, The	Prescott
Hospitality Inn	Minden	TPM Bi-Metal Products Inc.	Gananoque
House of Fashion	Port Hope	Trent Line Houseboat Rentals	Peterborough
House of Wood (Pembroke) Ltd.	Pembroke	Uddeholm Ltd.	Brockville
Hypernetics Limited	Arnprior	Unit Precast (1973) Limited	Stittsville
I.R. Bell & Son	Cornwall	United Extrusions Limited	Chesterville
Imants Grantins	Lake St. Peter	Upper Canada Furniture Mfg.	Cornwall
Imprimerie Auger Printing Inc.	Plantagenet	Vagden Mills Limited	Trenton
Jean Guy Lapointe	Embrun	Valley Auto Electric	Petawawa
Ken Shires & Sons Limited	Round Lake Centre	Vicom & Co. (Canada) Limited	Kingston
Kingston Spinners (Canada) Ltd.	Kingston	Waupoos Canning Company Limited	Picton
Linwood Acres	Campbellcroft	Wejay Machine Products Company Limited	Kingston
Locarno on the Lake	Haliburton	Wills Transfer Limited	Smiths Falls
Madawaska Kanu Camp Inc.	Barry's Bay	Wood'n Things	Cobden
Menard Construction Limited	Green Valley	4B Wood Products Ltd.	Barry's Bay
Merand Ltd.	Kingston		
Millimeter Machine Shop Limited	Ottawa		

\$100,001 to \$250,000

BORROWER

Atkinson Film-Arts Ltd.
Audor Communications Inc.
Beaulieu Bakery Ltd.
Bell Shirt Ltd.
Bruce Instruments Limited
Calabogie Peaks Limited
Cybernex Limited
Donald F. Runge Limited
Eastern Ontario Stove Works Inc.
Globus Tool and Die Company Limited
H.A.M.P. Developments
Harrowsmith Cheese Factory Limited
Hecam Incorporated
Helko Systems Furniture Inc.
Hill Island Resort Inc.
Ircon Roofing & Sheet Metal
(Pembroke) Limited
Jergens Canada Inc.
Kirkfield MacKenzie Historic Home
Klapka Woodwork and Manufacturing
Ontario Limited
Kombi Corp.
Letom Motel Company Limited
Life Leathercraft Limited
Miller Communications Systems Limited
Milton Roy Industries Ltd.
New Royal/La Casas Motor Inn
Precision Machine & Engineering Ltd.
Printer Paul Incorporated
Scannar Engineering Ltd.
Simtron Limited
Sinclair Radio Laboratories Limited
Valley Hotel Limited

LOCATION

Ottawa
Ottawa
Orleans
Belleville
Almonte
Calabogie
Ottawa
Pembroke
Trenton
Nepean
Cornwall
Harrowsmith
Cornwall
Cornwall
Hill Island
Pembroke
Perth
Kirkfield
Hawkesbury
Kanata
Gananoque
Coe Hill
Kanata
Peterborough
Renfrew
Perth
Peterborough
Cornwall
Peterborough
Lindsay
Renfrew

\$250,001 and over

BORROWER

Bondar-Clegg & Company Ltd.
Bray Rivet & Machine Company Ltd.
Burnbrae Farms Limited
Chisholm's (Roslin) Limited
Documented Circuits Inc.
Donini Chocolate Ltd.
Exel Sports Ltd.
Fildebrandt Precision Industries Limited
Fisher Gauge Limited
Flakt Canada Ltd.
Fleck Manufacturing Company
Gandalf Data Communications Limited
Hartford Fibres Ltd.
Ideal Roofing Company Limited
Intercontinental Data Control
Corporation Ltd.
MCM Computers Limited
Montebello Metal Inc.
Norski Limited
Ottawa Door Consultants Ltd.
Pylon Electronic Development Company Ltd.
Regent Knitting Mills Limited
Rideau St. Lawrence Cruise Ships Inc.
Skyline Ride Limited
Somerville Belkin Industries Limited
TRW Repa
Township of Edwardsburg, The

LOCATION

Ottawa
Gananoque
Lyn
Roslin
Kingston
Belleville
Belleville
Kanata
Peterborough
Smiths Falls
Trenton
Nepean
Kingston
Ottawa
Ottawa
Kingston
Hawkesbury
Brockville
Nepean
Nepean
Morrisburg
Kingston
Haliburton
Brockville
Belleville
Spencerville



DUNN
WELDING SUPPLIES LTD.
11 HAAS ROAD
REXDALE, ONTARIO

MIGmatic

DX C-10-E

ONTARIO DEVELOPMENT CORPORATIONS

Ontario Development Corporation 1200 Bay Street,
Queen's Park Toronto, Ontario/Canada M7A 2E7

Gord Walker, QC Minister of Industry and Trade

Bernard Ostry, Deputy Minister of Industry
and Trade

J.H. Joyce, Chairman,
Ontario Development Corporation

P.H. Harrower, Chairman,
Northern Ontario Development Corporation

N. Carson, Chairman,
Eastern Ontario Development Corporation

J.D. Girvin,
Executive Director and Chief Executive Officer

The Development Corporations Annual Report was
produced by the Corporations' Information Office and
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cations Division.

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PHOTOGRAPHS:

PAGE 4 - HARDMAN INDUSTRIES LIMITED

PAGE 15 - MERCURY KNITTING MILLS

PAGES 10, 19, 24, 32 - ONTARIO STORE FIXTURES INC.



Ministry of
Industry and
Trade

Province of Ontario
Queen's Park
Toronto, Canada
M7A 2E1

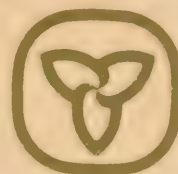
Gord Walker, Q.C.
Minister,
Bernard Ostry
Deputy Minister

Ontario Development Corporations Annual Report 1981-1982

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Minister's Message

I am pleased to present the Annual Report of the Ontario Development Corporations for 1981/82.

In the turbulent economy that we have experienced over the past several years, an agency whose focus is small business and regional development becomes increasingly important. The financial assistance that the Development Corporations have provided to many small businesses across the province has played a key role in encouraging new business creation, increased exports, regional diversification, and tourism development. In an impressive variety of projects, Development Corporation financing, tied to the imaginative and dedicated efforts of individual entrepreneurs, has led to successful job creation and economic development.

As the recently appointed Minister of Industry and Trade, I look forward to working with the staff and clients of the Development Corporations as they continue their efforts to develop small business in Ontario.

A handwritten signature in dark ink, appearing to read "Frank S. Miller". The signature is fluid and cursive, with a large initial "F" and "M".

Frank S. Miller
Minister of Industry & Trade
October, 1983

Statement of the Chief Executive Officer

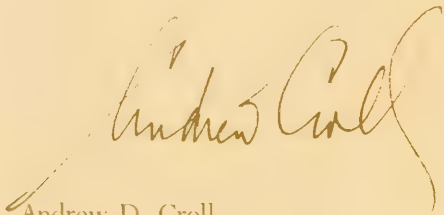
The Development Corporations serve as a source of risk capital for those companies that are unable to find adequate or affordable financing in the private sector, especially very small and very young companies. Our various programs of financial assistance to small business fall into three basic categories: term loans, loan guarantees and revolving lines of credit to finance export sales.

We also provide incentives ranging from deferral of principal repayments to reductions in interest rates when extra help is needed to improve a project's chance of success.

During the 1981/82 fiscal year, the focus of the Ontario Development Corporations' activity was the promotion of small business growth and new job creation in Ontario. In total, the Development Corporations approved \$110 million in financial assistance for over 600 small businesses, helping them create more than 17,000 long-term jobs.

Special emphasis was given to new business formations, the expansion of existing businesses, the development of new technology, productivity improvements, growth of exports, the tourism industry and regional developments.

In addition to the various programs of financial assistance to small business, the Ontario Development Corporation operates two former Canadian Forces bases as industrial parks. These parks have helped stimulate regional development by providing economical rental space to 22 manufacturers with nearly 2,000 employees.



Andrew D. Croll
Executive Director and
Chief Executive Officer
October, 1983

The Development Corporations

Combined Financial Statements for the year ended March 31, 1982

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1982 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1982 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the allowance for doubtful loans as referred to in note 2, on a basis consistent with that of the preceding year.



D. F. Archer, F.C.A.,
Provincial Auditor.
Toronto, Ontario,
August 18, 1982.

Combined Balance Sheet as at March 31, 1982

Assets

	1982 \$	1981 \$
Cash	28,261,210	10,038,150
Short term deposits	12,513,161	23,053,287
Accounts receivable	443,260	275,461
Loans receivable		
Term, regular, less allowance for doubtful loans of \$13,300,000; 1981 — \$11,800,000	93,740,851	88,559,682
Term, Ontario Business Incentives Program, less allowance for doubtful loans of \$5,100,000; 1981 — \$3,600,000	123,285,047	109,793,451
Performance, subject to forgiveness	1,430,470	3,354,366
Employment Development Fund (note 3)	17,579,106	10,816,693
Ontario Industrial Parks Program	4,085,560	3,320,303
Board of Industrial Leadership and Development (BILD)	2,925,114	—
Eastern Ontario Subsidy Agreement (note 4)	1,924,842	371,510
St. Joseph's Heritage (note 5)	1,200,000	—
Flood Relief Loan Program	580,578	611,115
Rural Ontario Development Program	97,300	—
Northern Ontario Rural Development Agreement	57,000	—
Net investment in lease (note 6)	371,963	379,223
Serviced land at Sheridan Park, at cost, (note 1c)	215,089	208,797
Fixed assets, less accumulated depreciation (note 7)	4,233,277	2,951,159
Land and building held for sale (note 8)	131,528	131,528
	293,075,356	253,864,725

See accompanying notes to combined financial statements.

On behalf of the Board:



Director



Director



Director

Liabilities

	1982 \$	1981 \$
Accounts payable and accrued charges	9,617	13,994
Deposits and trust accounts	137,701	101,559
Note payable — Ontario Land Corporation	666,321	666,321
Deferred revenue — Eastern Ontario Subsidy Agreement (note 4)	1,924,842	371,510
Loans assumed by other borrowers	60,000	—
Advances from the Province of Ontario Performance Loans, subject to forgiveness	1,514,055	3,348,091
Other (note 2)	245,332,085	213,890,245
	249,644,621	218,391,720

Shareholder's Equity

Share capital — authorized and issued 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings	700,000	700,000
Retained earnings	35,730,735	27,773,005
	43,430,735	35,473,005
	293,075,356	253,864,725

Combined Statement of Operations for the year ended March 31, 1982

	1982 \$	1981 \$
Revenue		
Interest	16,583,310	14,514,525
Net income on Industrial Parks Operations (Schedule I)	952,408	755,088
Financing and rental income	57,108	58,333
Gain on sale of serviced land (note 1c)	-	406,313
Gain on discharge of lease option contract	-	20,000
	17,592,826	15,754,259
Expense		
Interest	21,426,096	18,751,048
Administration (Schedule II)	5,399,580	4,770,307
Performance loan forgiveness	1,762,259	3,952,931
Term loans written off (note 1b)	6,000,559	3,723,712
Payments on guaranteed bank loans (note 1b)	4,967,360	1,620,643
	39,555,854	32,818,641
Loss before recoveries from the Province of Ontario	21,963,028	17,064,382
Recoveries from the Province of Ontario		
Interest expense	11,791,000	9,871,000
Administration	5,399,580	4,770,307
Performance loan forgiveness	1,762,259	3,952,931
Term loans written off	6,000,559	3,723,712
Payments on guaranteed bank loans	4,967,360	1,620,643
	29,920,758	23,938,593
Net income for the year (note 2)	7,957,730	6,874,211

See accompanying notes to combined financial statements.

Combined Statement of Retained Earnings for the year ended March 31, 1982

	1982 \$	1981 \$
Balance, beginning of year as previously reported	12,373,005	9,478,294
Adjustment of prior year's income (note 2)	15,400,000	11,420,500
Balance, beginning of year as restated	27,773,005	20,898,794
Net income for the year	7,957,730	6,874,211
Balance, end of year	35,730,735	27,773,005

See accompanying notes to combined financial statements.

Schedule I

Statement of Industrial Parks Operations for the year ended March 31, 1982 (note 1f)

	1982 \$	1981 \$
Revenue		
Rental and utility charges	2,873,826	2,876,636
Interest	826,046	617,620
	3,699,872	3,494,256
Expense		
Salaries and staff benefits	1,108,655	1,106,488
Maintenance and administration	822,612	946,283
Depreciation (note 1d)	782,569	598,090
Interest expense	53,893	61,773
Bad debt expense (recovery)	(20,265)	26,534
	2,747,464	2,739,168
Net income for the year	952,408	755,088

See accompanying notes to combined financial statements.

Schedule II

Combined Administration Expenses for the year ended March 31, 1982 (note 1e)

	1982 \$	1981 \$
Salaries and staff benefits	4,223,111	3,717,965
Transportation and communication	387,220	381,721
Services	604,602	596,113
Supplies and equipment	184,647	74,508
	5,399,580	4,770,307

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements

March 31, 1982

1. Significant Accounting Policies

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Term loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(f) Industrial Parks Operations

Revenue and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Restatement

The Corporation historically has reflected changes in the allowance for doubtful loans from one year to the next as a charge or credit to expense in the combined statement of operations. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written-off, such write-offs have no net effect on the combined statement of operations. Accordingly, the Corporation decided to change its accounting policy to reflect the allowance for doubtful loans as a reduction in advances from the Treasurer.

As a result of this change the balance of retained earnings as of March 31, 1981 has been restated to show a retroactive increase of \$15,400,000. Of this amount, \$3,979,500 is applicable to 1981 and income for that year has been restated. The remaining \$11,420,500 relates to fiscal years prior to 1981 and has been applied against the opening balance of retained earnings in 1981.

Advances from the Treasurer of Ontario are shown net of the allowance for doubtful loans of \$18,400,000 at March 31, 1982 and \$15,400,000 at March 31, 1981, as restated.

3. Employment Development Fund

The Corporations act as agent on behalf of the Government's Employment Development Fund which provides financial assistance to stimulate employment and investment opportunities in the Province of Ontario.

4. Eastern Ontario Subsidy Agreement

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest-free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement. The objective is to assist in the establishment of new businesses and to encourage modernization and expansion of existing small businesses in the areas of mining, quarrying, manufacturing, processing (including agricultural and forest products) and related service industries.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

5. St. Joseph's Heritage

During the fiscal year funds were provided by the Ministry of Health and lent to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan.

6. Net Investment in Lease

This pertains to property leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income.

	1982 \$	1981 \$
Total minimum lease payments receivable, including renewals, to June 30, 2002	853,545	890,385
Less: unearned finance income	(481,582)	(511,162)
	371,963	379,223

6. Net Investment in Lease (cont'd)

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

7. Fixed Assets

Fixed assets are stated at acquisition cost and consist of:

	1982		1981	
	Cost \$	Accumulated Depreciation \$	Cost \$	Accumulated Depreciation \$
Land	341,514	—	341,514	—
Buildings and improvements	9,116,992	5,262,165	7,086,834	4,517,745
Equipment	449,941	413,005	415,412	374,856
	9,908,447	5,675,170	7,843,760	4,892,601
	5,675,170		4,892,601	
	4,233,277		2,951,159	

8. Land and Building Held for Sale

This arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. Wholly-owned Subsidiaries, Not Consolidated

During fiscal 1981-82, the Northern Ontario Development Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of \$452,000 and \$1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1982 amounted to \$303,727 and the reported deficit was \$1,149,789.

The Northern Ontario Development Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the period ended March 31, 1982 was \$1,019,084 of which \$848,000 related to interest expense. The deficit of these two subsidiaries as at March 31, 1982 was \$6,552,117 and the contributed surplus was \$681,858.

On July 18, 1978, debentures in the amount of \$4,000,000 and \$5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures nor the related interest receivable in the accounts.

These subsidiaries have not been consolidated as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

10. Contingent Liabilities

(a) As at March 31, 1982 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$54,011,000 (1981 — \$31,862,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of \$35,293,000 (1981 — \$16,342,000).

(b) A legal action claiming aggregate damages of \$4,500,000 plus interest has been instituted against the Corporation by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

11. Commitments

Loans authorized but not disbursed as at March 31, 1982 amounted to \$91,678,000 (1981 — \$92,190,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$43,090,000 (1981 — \$29,406,000). This includes \$12,933,000 (1981 — \$12,714,000) in respect of the Employment Development Fund.

12. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

Boards of Directors 1981/82

The affairs of each of the three Development Corporations are under the management and control of Boards of Directors chosen from the small business community and appointed by the Lieutenant Governor in Council. The Boards are responsible to the Minister of Industry and Trade.

Ontario

Development Corporation

James H. Joyce, Toronto (Chairman)

Norman Carson, Brockville (Vice-Chairman)

*J. M. Coulter, Sault Ste. Marie

David B. Cowper, Toronto

Lloyd S. D. Fogler, Q.C., Toronto

Janet E. Guest, Renfrew

Peter H. Harrower, Timmins

Bryan D. Hocking, Deep River

Fred E. Johnston, Ottawa

Michael D. Lipton, Q.C., Toronto

J. Ross Lowrie, Toronto

*Jane Malcolm, Geraldton

Marnie A. McGarry, London

Fred J. Pillgrem, Meaford

*W. A. Reid, Woodstock

Northern Ontario

Development Corporation

Peter Harrower, Timmins (Chairman)

*J. M. Coulter, Sault Ste. Marie (Vice-Chairman)

William E. Biggs, Alban

Pat Birnie, New Liskeard

Gerald Brousseau, Timmins

Andrew F. Coffey, Thunder Bay

*William A. Elgie, Sault Ste. Marie

Douglas J. Johnson, Kenora

*George E. Knowles, Kapuskasing

*Jane Malcolm, Geraldton

Grant Oakes, Gore Bay

A. Mills Paton, Thunder Bay

Edward G. Skinner, Sudbury

Eastern Ontario

Development Corporation

Norman Carson, Brockville (Chairman)

Alex Siversky, Hawkesbury (Vice-Chairman)

Aurele Clement, Cornwall

C. David Gifford, Peterborough

Janet E. Guest, Renfrew

John F. Guthrie, Belleville

Bryan D. Hocking, Deep River

Arnie Jackson, Carleton Place

Fred E. Johnston, Ottawa

William A. Kelly, Kingston

Robert F. Leach, Bancroft

Jean Guy Rivard, Orleans

W. Reginald Workman, Winchester

C. Ian Ross, Ottawa

*Retired March 31, 1982



Ontario Development Corporations Annual Report 1982-1983



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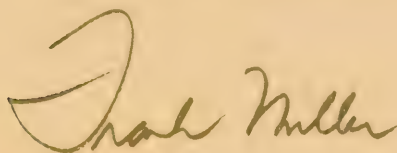


Minister's Message

I am pleased to present the annual report of Ontario's Development Corporations for the 1982/83 fiscal year.

The renewed vitality of our small business community is encouraging evidence of the recent improvement in the Ontario economy. Small companies must take big risks if they are to grow. All too often they find it difficult to obtain adequate financing, especially financing that enables them to expand and create new jobs. The Development Corporations' role is to fill this gap and to provide small businesses in all parts of Ontario with risk capital when it is not available in the private sector.

The Development Corporations' programs must respond to the changing needs of small business in a changing economy. Financial assistance and, equally important, sound business advice provided by the Corporations' staff make a substantial contribution to the creation and growth of small businesses across the Province. I am confident that Ontario small businesses, and the staff of the Development Corporations, will continue to work toward achieving Ontario's economic potential.

A handwritten signature in dark ink, reading "Frank S. Miller". The signature is fluid and cursive, with the first name "Frank" being more prominent and the last name "Miller" following in a similar style.

Frank S. Miller
Minister of Industry and Trade
December, 1983

Statement of the Chief Executive Officer

The Development Corporations stimulate economic growth, regional development and job creation by providing financial assistance to help small businesses realize their potential. Our financial assistance includes term loans, lines of credit to finance export sales, loan guarantees, and special incentives such as interest subsidies and repayment deferrals on a selective basis.

During 1982/83 we approved applications for financial assistance totalling \$94 million for more than 500 Ontario companies. This financing will be used to create 12,000 long-term jobs across the Province. Altogether, by the end of March, 1983, The Development Corporations had active loan and guarantee agreements totalling more than \$250 million with close to 2,500 Ontario companies.

Our main emphasis has been on helping small businesses, because this sector has a key role in generating new jobs. Small businesses require risk capital, and a lack of access to adequate financing continues to be the most important constraint on their growth. That is the reason for having the Development Corporations — to take a calculated risk when it can have a significant pay-off for the entire Province in terms of additional jobs and new opportunities.

Three segments of the small business community receive special attention from the staff of the Development Corporations:

- small, new businesses, including start-ups, that are short on funds and high on growth potential.
- new exporters, who look to us for financing of their export receivables until their bankers are willing to take on the added risk. We have been instrumental in helping many companies get started in exporting.
- tourist operators, where we help finance expansions and improvements to facilities, making them more attractive to tourists from all parts of the world.

Two industrial parks, created from former Canadian Forces bases, complete the Development Corporations' regional development portfolio. These parks now house 22 companies employing close to 2,000 people.



Andrew D. Croll
Executive Director and
Chief Executive Officer
December, 1983

The Development Corporations

Combined Financial Statements for the year ended March 31, 1983

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1983 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1983 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.



D. F. Archer, F.C.A.,
Provincial Auditor.
Toronto, Ontario,
August 16, 1983.

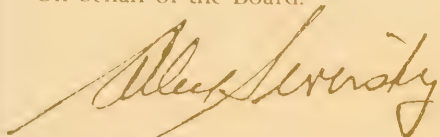
Combined Balance Sheet as at March 31, 1983

Assets

	1983 \$	1982 \$
Cash	21,122,878	28,261,210
Short term deposits	22,189,468	12,513,161
Accounts receivable	300,897	443,260
Loans receivable		
Term, regular (note 12)	100,312,769	107,040,851
Term, Ontario Business Incentives Program (note 12)	127,334,280	128,385,047
Performance, subject to forgiveness	767,760	1,430,470
Employment Development Fund	18,851,892	18,779,106
Ontario Industrial Parks Program	5,006,002	4,085,560
Board of Industrial Leadership and Development (BILD)	19,359,685	2,925,114
Eastern Ontario Subsidiary Agreement (note 2)	4,652,383	1,924,842
St. Joseph's Heritage (note 3)	1,248,000	1,200,000
Flood Relief Loan Program	504,171	580,578
Rural Ontario Development Program	706,725	97,300
Northern Ontario Rural Development Agreement (note 4)	1,121,469	57,000
Long term investment (note 5)	440,200	—
Net investment in lease (note 6)	370,057	371,963
Serviced land at Sheridan Park, at cost, (note 1c)	217,510	215,089
Fixed assets, less accumulated depreciation (note 7)	4,439,247	4,233,277
Land and building held for sale (note 8)	131,528	131,528
	329,076,921	312,675,356

See accompanying notes to combined financial statements.

On behalf of the Board:



Director



Director



Director

Liabilities

	1983 \$	1982 \$
Accounts payable and accrued charges	127,735	9,617
Interest payable	61,764	—
Deposits and trust accounts	780,098	137,701
Note payable — Ontario Land Corporation	451,418	666,321
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	850,100	1,514,055
Other (note 12)	266,074,311	263,732,085
Loans assumed by other borrowers	60,000	60,000
Deferred revenue — Eastern Ontario		
Subsidiary Agreement (note 2)	4,665,527	1,924,842
Northern Ontario Rural Development Agreement (note 4)	1,550,000	—
Ministry of Health		
St. Joseph's Heritage (note 3)	1,200,000	1,200,000
	275,820,953	269,244,621

Shareholder's Equity

Share capital — authorized and issued 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings (note 9)	—	700,000
Retained earnings	46,255,968	35,730,735
	53,255,968	43,430,735
	329,076,921	312,675,356

Combined Statement of Operations for the year ended March 31, 1983

	1983 \$	1982 \$
Revenue		
Interest	19,000,202	16,583,310
Net income on Industrial Parks Operations (Schedule I)	698,000	952,408
Financing and rental income	36,344	57,108
	19,734,546	17,592,826
Expense		
Interest	22,367,281	21,426,096
Administration (Schedule II)	5,680,023	5,399,580
Performance loan forgiveness	690,477	1,762,259
Term loans written off (note 1b)	7,268,368	6,000,559
Payments on guaranteed bank loans (note 1b)	4,282,778	4,967,360
Guarantee interest subsidy	79,020	—
Grant (note 10)	100,000	—
	40,467,947	39,555,854
Loss before recoveries from the Province of Ontario	20,733,401	21,963,028
Recoveries from the Province of Ontario		
Interest expense	12,457,968	11,791,000
Administration	5,680,023	5,399,580
Performance loan forgiveness	690,477	1,762,259
Term loans written off	7,268,368	6,000,559
Payments on guaranteed bank loans	4,282,778	4,967,360
Guarantee interest subsidy	79,020	—
Grant	100,000	—
	30,558,634	29,920,758
Net income for the year	9,825,233	7,957,730

See accompanying notes to combined financial statements.

Combined Statement of Retained Earnings for the year ended March 31, 1983

	1983 \$	1982 \$
Balance, beginning of year	35,730,735	27,773,005
Net income for the year	9,825,233	7,957,730
Transfer from replacement of buildings reserve (note 9)	700,000	—
Balance, end of year	46,255,968	35,730,735

See accompanying notes to combined financial statements.

Schedule I

Statement of Industrial Parks Operations for the year ended March 31, 1983 (note 1g)

	1983 \$	1982 \$
Revenue		
Rental and utility charges	3,109,336	2,873,826
Interest	627,170	826,046
	3,736,506	3,699,872
Expense		
Salaries and staff benefits	1,117,805	1,108,655
Maintenance and administration	785,725	822,612
Depreciation (note 1d)	963,856	782,569
Interest expense	59,046	53,893
Bad debt expense (recovery)	112,074	(20,265)
	3,038,506	2,747,464
Net income for the year	698,000	952,408

See accompanying notes to combined financial statements.

Schedule II

Combined Administration Expenses for the year ended March 31, 1983 (note 1f)

	1983 \$	1982 \$
Salaries and staff benefits	4,637,299	4,223,111
Transportation and communication	420,880	387,220
Services	460,271	604,602
Supplies and equipment	161,573	184,647
	5,680,023	5,399,580

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements

March 31, 1983

1. Significant Accounting Policies

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Long term investment

The Ontario Development Corporation accounts for its investment in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(g) Industrial Parks Operations

Revenue and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Eastern Ontario Subsidiary Agreement

The Eastern Ontario Subsidiary Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Eastern Ontario Subsidiary Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Eastern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. St. Joseph's Heritage

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Northern Ontario Development Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of \$400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

4. Northern Ontario Rural Development Agreement

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Government of Canada and Ontario under the Northern Rural Development Subsidiary Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Northern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

5. Long Term Investment

The Ontario Development Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transactions during the year consisted of:

Common shares acquired	
200 shares, at cost	\$ 200
Research contributions	440,000
	<hr/>
	\$440,200

The Ontario Development Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. \$9,800,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

6. Net Investment in Lease

The Corporations own property which is leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income.

	1983 \$	1982 \$
Total minimum lease payments receivable, including renewals, to March 1, 2000 (1982 — June 30, 2002)	667,602	853,545
Less: unearned finance income	(297,545)	(481,582)
	<hr/>	<hr/>
	370,057	371,963

Due to the financial problems experienced by the lessee, a 12 month moratorium on lease payments was granted and the term of the lease was renegotiated with payments to recommence June 1, 1983.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

7. Fixed Assets

Fixed assets are stated at acquisition cost and consist of:

	1983		1982	
	Cost \$	Accumulated Depreciation \$	Cost \$	Accumulated Depreciation \$
Land	341,514	—	341,514	—
Buildings and improvements	10,188,011	6,176,700	9,116,992	5,262,165
Equipment	548,749	462,327	449,941	413,005
	11,078,274	6,639,027	9,908,447	5,675,170
	6,639,027		5,675,170	
	4,439,247		4,233,277	

8. Land and Building Held for Sale

This acquisition arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. Reserve for Replacement of Buildings

A \$700,000 reserve for building replacement previously appropriated from retained earnings has been reclassified to retained earnings since the Ontario Development Corporation has decided that no major replacements nor renovations of buildings will be required in the near future.

10. Grant

The Ontario Science Centre anticipates building an International Science Circus consisting of high tech exhibits. This exhibit will travel, on a self-financing basis, to various countries in Asia. Total capital costs are estimated to be \$600,000 of which the Ministry of Industry and Trade through the Ontario Development Corporation is funding \$100,000.

11. Wholly-owned Subsidiaries, Not Consolidated

During fiscal 1981-82, the Northern Ontario Development Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of \$452,000 and \$1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1983 amounted to \$100,877 (1982 — \$303,727) and the reported deficit was \$1,250,666 (1982 — \$1,149,789).

The Northern Ontario Development Corporation also owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. During the current fiscal year, a major renovation of the main lodge continued and the accounts of these subsidiaries are still in the process of being finalized. For the year ended March 31, 1982, the reported losses of these subsidiaries was \$1,019,084 of which \$848,000 related to interest expense. The deficit of these two subsidiaries as at March 31, 1982 was \$6,552,117 and the contributed surplus was \$681,858.

On March 10, 1983, non interest bearing debentures in the amount of \$25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation.

These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Tourism, the Ministry of Tourism and Recreation and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures in the accounts.

These debentures replace the \$4,000,000 and \$5,000,000 debentures payable on demand and bearing interest at the rate of 9½ per cent per annum which were issued July 18, 1978 by Minaki Lodge Resort Ltd. and Minaki Development Company Limited.

The Corporations have not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

12. Reclassification

Previously term loans and advances from the Province were net of an allowance for doubtful loans. Since the Treasurer of Ontario reimburses the Corporations for all uncollectible loans written off, both term loans and advances have been reclassified to exclude any allowance. Had an allowance for doubtful loans been set up, the Corporations estimate that \$21,800,000 (1982 — \$18,400,000) would have been recorded.

13. Contingent Liabilities

(a) As at March 31, 1983 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$60,439,000 (1982 — \$54,011,000).

(b) A legal action claiming aggregate damages of \$4,500,000 plus interest has been instituted against Northern Ontario Development Corporation, Ontario Development Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporations are of the opinion that the claim is without merit.

14. Commitments

Loans authorized but not disbursed as at March 31, 1982 amounted to \$112,775,000 (1982 — \$96,678,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$19,372,000 (1982 — \$43,090,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of \$5,200,000 and additional research contributions which will be financed by BILD of \$14,600,000.

15. Subsequent Event

(a) On July 5, 1983, the Thunder Bay Ski Jumps Limited acquired the assets used in the operation of the Sundance Ski Area including land leased in previous years for the ski jumping facilities for the following consideration:

Cash (funded by advances from Ministry of Tourism and Recreation)	\$539,704
Assumption of debts payable to Northern Ontario Development Corporation	337,844
	<hr/>
	\$877,548

(b) On July 15, 1983 Minaki Lodge was officially re-opened. The Radisson Hotel Corporation now manages Minaki on behalf of Northern Ontario Development Corporation.

16. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

Boards of Directors 1982/83

The affairs of each of the three Development Corporations are under the management and control of Boards of Directors chosen from the small business community and appointed by the Lieutenant Governor in Council. The Boards are responsible to the Minister of Industry and Trade.

Ontario

Development Corporation

James H. Joyce, Toronto (Chairman)
*Peter H. Harrower, Timmins (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
William E. Biggs, Alban
*Norman Carson, Brockville
*David B. Cowper, Toronto
Lloyd S. D. Fogler, Q.C., Toronto
Janet E. Guest, Renfrew
Bryan D. Hocking, Deep River
Douglas J. Johnson, Kenora
*Fred E. Johnston, Ottawa
Michael D. Lipton, Q.C., Toronto
J. Ross Lowrie, Toronto
Marnie A. McGarry, London
F. J. Pillgrem, Meaford
William S. Thomson, Downsview

Northern Ontario

Development Corporation

*Peter H. Harrower, Timmins (Chairman)
Douglas J. Johnson, Kenora (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
William E. Biggs, Alban
Pat Birnie, New Liskeard
Gerald Brousseau, Timmins
Andrew F. Coffey, Thunder Bay
John G. Dubien, Kapuskasing
T. Craig Moffatt, North Bay
*Grant Oakes, Spring Bay
A. Mills Paton, Thunder Bay
Franklin J. Pierce, Atikokan
Edward G. Skinner, Sudbury
Robert G. Topp, Sault Ste. Marie

Eastern Ontario

Development Corporation

*Norman Carson, Brockville (Chairman)
Alex Siversky, Hawkesbury (Vice-Chairman)
Aurele Clement, Cornwall
David C. Gifford, Peterborough
Janet E. Guest, Renfrew
John Guthrie, Belleville
Bryan D. Hocking, Deep River
Arnie Jackson, Carleton Place
*Fred E. Johnston, Ottawa
William A. Kelly, Kingston
Robert F. Leach, Bancroft
Jean Guy Rivard, Orleans
Ian C. Ross, Ottawa
W. Reginald Workman, Morrisburg

*Retired March 31, 1983

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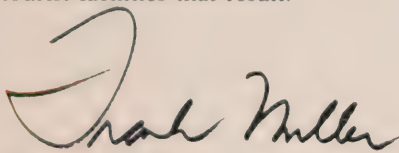
Ontario Development Corporations Annual Report 1983-1984

Minister's Message

I am pleased to present the Ontario Development Corporations' Annual Report for the fiscal year 1983/84.

According to an impressive array of research studies, the real engine of economic growth and regional development is the innovative entrepreneur. It takes a lot of enthusiasm, hard work, and a willingness to take risks to create a successful business. Ontario's three Development Corporations help many of these entrepreneurs across the province by providing them with the kinds of counselling service and financial assistance needed to turn their ideas into growing businesses.

The Development Corporations' range of services and financial assistance programs has been developed over the last 20 years in response to the varied and changing needs of the small business community. The men and women of the Development Corporations are committed to working with entrepreneurs to get new businesses started and to help existing businesses grow and prosper. We all benefit through the new jobs, the increased exports and the improved tourist facilities that result.



Frank S. Miller
Minister of Industry and Trade
November, 1984

Statement of the Chief Executive Officer

For over 20 years, the Development Corporations have provided financial advice and assistance to small businessmen and entrepreneurs with innovative ideas. With our help, they have turned their ideas into new products, new markets, new jobs, and new opportunities.

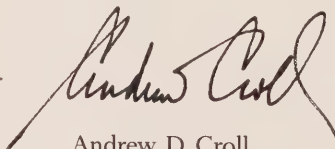
During the 1983/84 fiscal year, the Corporations approved 561 loans and guarantees totalling \$95 million, which together with private sector financing, will generate \$265 million in total capital investments in Ontario.

Almost all of the Development Corporations' activity is with very small businesses. Our typical client has only six employees when he comes to us for assistance. He borrows \$100,000 from us and puts another \$150,000 into his business from personal or other private sector sources. Five years later, according to a survey of ODC's current clients, our typical borrower has increased his payroll to 18 employees – three times the original number – with significantly increased sales as well.

We focus our efforts on three specific areas of the small business and entrepreneurial community – manufacturers, exporters and tourist operators. Small manufacturers make a major contribution to improving our technological base and to new product development. Small exporters develop new markets for these products. And good tourist operators give Ontario an important place in the growing world leisure market.

In addition to providing risk capital for small businesses, the people at the Development Corporations offer advice and counselling to thousands of businesses in their early stages of development. We service close to 10,000 inquiries every year, and provide counselling to more than half of these.

The Ontario Development Corporation operates two industrial parks – Northam Industrial Park, located in the Town of Cobourg, and Huron Industrial Park, near Exeter. These former military bases are now thriving industrial complexes housing 22 industrial companies with over 2,100 employees, and provide a strong economic base to their local communities.



Andrew D. Croll
Executive Director and
Chief Executive Officer
November, 1984

The Development Corporations

Combined Financial Statements for the year ended March 31, 1984

**To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.**

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1984 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1984 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.



D.F. Archer, F.C.A.
Provincial Auditor.
Toronto, Ontario,
August 17, 1984.

Combined Balance Sheet as at March 31, 1984

Assets

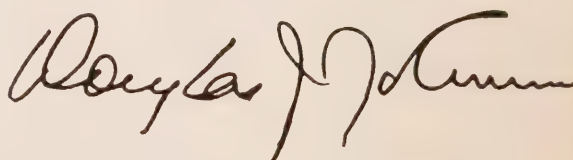
	1984 \$	1983 \$
Cash	20,303,110	21,122,878
Short term deposits	13,166,078	22,189,468
Investment, at cost (note 12)	59,000	
Accounts receivable, net of allowance for doubtful accounts of \$3,622 (1983 - \$114,107)	222,974	300,897
Loans receivable		
Term, regular (note 11)	105,867,321	100,252,769
Term, incentive (note 11)	119,515,672	127,334,280
Performance, subject to forgiveness	110,979	767,760
Employment Development Fund	16,126,417	18,851,892
Ontario Industrial Parks Program	5,671,360	5,006,002
Board of Industrial Leadership and Development (BILD)	30,629,354	19,359,685
Eastern Ontario Subsidiary Agreement (note 2)	6,271,843	4,652,383
St. Joseph's Heritage (note 3)	1,296,000	1,248,000
Flood Relief Loan Program	457,158	504,171
Rural Ontario Development Program	1,092,609	706,725
Northern Ontario Rural Development Agreement (note 4)	2,611,819	1,121,469
Ontario Program of Financial Assistance for Canadian Book Publishers	350,011	—
Long term investment (note 5a)	2,060,200	440,200
Net investment in lease (note 6)	360,897	370,057
Serviced land at Sheridan Park, at cost, (note 1c)	219,115	217,510
Fixed assets, less accumulated depreciation (notes 7 and 9)	4,242,489	4,488,327
Land and building held for sale (note 8)	131,528	131,528
	330,765,934	329,066,001

See accompanying notes to combined financial statements.

On behalf of the Board:



Director



Director



Director

Liabilities

	1984 \$	1983 \$
Accounts payable and accrued charges	19,061	127,735
Interest payable	—	61,764
Deposits and trust accounts	1,768,343	780,098
Note payable – Ontario Land Corporation	406,276	451,418
Advances from the Province of Ontario – Performance loans, subject to forgiveness	105,033	850,100
Other	256,351,738	266,074,311
Deferred revenue – Eastern Ontario Subsidiary Agreement (note 2)	6,275,812	4,665,527
Northern Ontario Rural Development Agreement (note 4)	2,855,500	1,550,000
Ministry of Health St. Joseph's Heritage (note 3)	1,200,000	1,200,000
Provision for loss on investment (note 5b)	471,650	—
	269,453,413	275,760,953

Shareholder's Equity

Share capital – authorized and issued 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Retained earnings	54,312,521	46,305,048
	61,312,521	53,305,048
	330,765,934	329,066,001

See accompanying notes to combined financial statements.

Combined Statement of Operations for the year ended March 31, 1984

	1984 \$	1983 \$
Revenue		
Interest	19,377,466	19,000,202
Net income on Industrial Parks Operations (Schedule I)	483,896	763,196
Financing and rental income	50,094	36,344
	19,911,456	19,799,742
Expense		
Interest	21,149,599	22,367,281
Administration (Schedule II)	6,290,359	5,680,023
Performance loan forgiveness	579,864	690,477
Term loans written off (note 1b)	6,339,648	7,268,368
Payments on guaranteed bank loans (note 1b)	4,072,586	4,282,778
Guarantee interest subsidy	388,847	79,020
Grant	—	100,000
	38,820,903	40,467,947
Loss before recoveries from the Province of Ontario	18,909,447	20,668,205
Recoveries from the Province of Ontario		
Interest expense	9,822,266	12,457,968
Administration	6,290,359	5,680,023
Performance loan forgiveness	579,864	690,477
Term loans written off	6,339,648	7,268,368
Payments on guaranteed bank loans	4,072,586	4,282,778
Guarantee interest subsidy	388,847	79,020
Grant	—	100,000
	27,493,570	30,558,634
Net income before the following	8,584,123	9,890,429
Equity share of loss on long term investment (note 5b)	576,650	—
Net income for the year	8,007,473	9,890,429

See accompanying notes to combined financial statements.

Combined Statement of Retained Earnings for the year ended March 31, 1984

	1984 \$	1983 \$
Balance, beginning of year	46,255,968	35,730,735
Correction of prior period errors (note 9)	49,080	(16,116)
Balance, beginning of year, as restated	46,305,048	35,714,619
Net income for the year	8,007,473	9,890,429
Transfer from replacement of buildings reserve	—	700,000
Balance, end of year	54,312,521	46,305,048

See accompanying notes to combined financial statements.

Schedule I Statement of Industrial Parks Operations for the year ended March 31, 1984 (note 1g)

	1984 \$	1983 \$
Revenue		
Rental and utility charges	2,877,681	3,109,336
Interest	512,496	627,170
	3,390,177	3,736,506
Expense		
Salaries and staff benefits	1,118,311	1,117,805
Maintenance and administration	791,753	785,725
Depreciation (notes 1d and 9)	881,037	898,660
Interest expense	111,833	59,046
Bad debt expense	3,347	112,074
	2,906,281	2,973,310
Net income for the year (note 9)	483,896	763,196

See accompanying notes to combined financial statements.

Schedule II
Combined Administration Expenses for the year ended
March 31, 1984 (note 1f)

	1984 \$	1983 \$
Salaries and staff benefits	5,012,412	4,637,299
Transportation and communication	528,118	420,880
Services	423,524	460,271
Supplies and equipment	326,305	161,573
	6,290,359	5,680,023

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements

March 31, 1984

1. Significant Accounting Policies

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent for equipment.

(e) Long term investments

The Ontario Development Corporation accounts for investments in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(g) Industrial Parks Operations

Revenue and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Eastern Ontario Subsidiary Agreement

The Eastern Ontario Subsidiary Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Eastern Ontario Subsidiary Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Eastern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. St. Joseph's Heritage

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Northern Ontario Development Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of \$400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

4. Northern Ontario Rural Development Agreement

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Northern Rural Development Subsidiary Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Northern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations

through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

This program terminated on March 31, 1984 and no further applications are being accepted. Payments on approved loans will be made to March 31, 1986.

5. Long Term Investments

(a) Allelix Inc.

The Ontario Development Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transactions since acquisition consist of:

Common shares acquired	
200 shares, at cost	\$ 200
Research contributions	2,060,000
	<hr/>
	\$2,060,200

The Ontario Development Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. \$13,500,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

(b) HSA Systems Inc.

The Ontario Development Corporation acquired a 35 per cent equity interest in HSA Systems Inc. for cash consideration of \$105,000. The other 65 per cent interest is held by CapVest Limited, a subsidiary of Canada Development Corporation. HSA Systems Inc. is engaged in research and development, manufacture and marketing of electrochemical reactor systems.

The carrying value of the investment has been reduced by the Ontario Development Corporation's share of losses since acquisition, being \$576,650. The remainder of the loss is recorded as a provision for loss on investment.

6. Net Investment in Lease

The Corporations own property which is leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1984 \$	1983 \$
Total minimum lease payments receivable, including renewals, to March 1, 2000	634,446	667,602
Less: unearned finance income	(273,549)	(297,545)
	360,897	370,057

Lease payments under the terms of a renegotiated lease recommenced on June 1, 1983 after a 12 month moratorium.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

7. Fixed Assets

Fixed assets are stated at acquisition cost and consist of:

	1984		1983	
	Cost \$	Accumulated Depreciation \$	Net \$	Net \$
Land	341,514	—	341,514	341,514
Buildings and improvements	10,684,224	6,905,337	3,778,887	4,034,818
Equipment	605,195	483,107	122,088	111,995
	11,630,933	7,388,444	4,242,489	4,488,327

8. Land and Building Held for Sale

This acquisition arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. Prior Period Errors

As a result of errors in depreciation calculation and the classification of certain assets in the Industrial Parks, the balance of retained earnings at March 31, 1983 has been adjusted by the cumulative amount by which depreciation had been reduced; \$65,196 of the adjustment is applicable to 1983 and has been credited to income for the year. The remainder is applicable to years prior to 1983 and the balance of retained earnings at that date has been adjusted accordingly. Related fixed asset accounts also reflect the change in accumulated depreciation. The comparative figures have been restated.

10. Wholly-owned Subsidiaries, not Consolidated

The Northern Ontario Development Corporation owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76.

The combined reported loss of these subsidiaries for the year ended March 31, 1983 was \$908,192 of which \$811,201 related to interest expense. The combined deficit of these two subsidiaries as at March 31, 1983 was \$7,460,309 and the combined contributed surplus was \$681,858. The financial information for the year ended March 31, 1984 is not yet available.

On March 10, 1983, non interest bearing debentures in the amount of \$25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Tourism, the Ministry of Tourism and Recreation and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures in the accounts.

The Corporations have not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

11. Allowance for Doubtful Loans

Term loans do not reflect an allowance for doubtful loans as the Treasurer of Ontario reimburses the Corporations for all uncollectible loans written off. Had an allowance for doubtful loans been set up, the Corporations estimate that \$21,994,000 (1983 – \$21,800,000) would have been recorded.

12. Investment

The Northern Ontario Development Corporation accepted non-voting, non-cumulative, redeemable 8 per cent preferred shares of a company in lieu of interest in arrears on loan indebtedness.

13. Contingent Liabilities

(a) As at March 31, 1984 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to \$53,768,000 (1983 – \$60,439,000).

(b) A legal action claiming aggregate damages of \$4,500,000 plus interest has been instituted against Northern Ontario Development Corporation, Ontario Development Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporations are of the opinion that the claim is without merit.

14. Commitments

Loans authorized but not disbursed as at March 31, 1984 amounted to \$96,406,000 (1983 – \$112,775,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was \$22,924,000 (1983 – \$19,372,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of \$1,500,000 and additional research contributions of \$13,000,000, each of which will be financed by BILD.

In connection with the investment in HSA Systems Inc., there is a commitment for additional contributions of \$157,500.

15. Transfer of Wholly-owned Subsidiary

On March 31, 1984, Northern Ontario Development Corporation transferred all of the outstanding shares of Thunder Bay Ski Jumps Limited to the Ministry of Tourism and Recreation for no consideration. All loans to the subsidiary had been previously written off.

The reported loss of this former subsidiary for the year ended March 31, 1984 amounted to \$113,087 (1983 - \$100,877) and the reported deficit was \$1,363,753 (1983 - \$1,250,666).

16. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

17. Subsequent Event

On August 9, 1984 the Ontario Development Corporation, acting as agent for the Ministry of Tourism and Recreation, has committed a loan up to \$11,900,000 to the Metropolitan Toronto Convention Centre.

Boards of Directors 1983/84

The affairs of each of the three Development Corporations are under the management and control of Boards of Directors chosen from the small business community and appointed by the Lieutenant Governor in Council. The Boards are responsible to the Minister of Industry and Trade.

Ontario Development Corporation

James H. Joyce, Toronto (Chairman)
Alex Siversky, Hawkesbury (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
William E. Biggs, Alban
John G. Dubien, Kapuskasing
Lloyd S.D. Fogler, Q.C., Toronto
C. David Gifford, Peterborough
Janet E. Guest, Renfrew
Bryan D. Hocking, Deep River
Douglas J. Johnson, Kenora
Michael D. Lipton, Q.C., Toronto
J. Ross Lowrie, Toronto
Marnie A. McGarry, London
William C. Munnoch, Woodstock
Fred J. Pillgrem, Meaford
William S. Thomson, Oakville

Northern Ontario Development Corporation

Douglas J. Johnson, Kenora (Chairman)
William E. Biggs, Alban (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
Gordon J. Biddie, Parry Sound
Pat Birnie, New Liskeard
Gerald Brousseau, Timmins
Andrew F. Coffey, Thunder Bay
John G. Dubien, Kapuskasing
T. Craig Moffat, North Bay
A. Mills Paton, Thunder Bay
Franklin J. Pierce, Atikokan
Edward G. Skinner, Sudbury
Robert G. Topp, Sault Ste. Marie
Harry Vanderweerden, Gore Bay

Eastern Ontario Development Corporation

Alex Siversky, Hawkesbury (Chairman)
C. David Gifford, Peterborough (Vice-Chairman)
Walter Bray, Gananoque
Aurele Clement, Cornwall
Janet E. Guest, Renfrew
John F. Guthrie, Belleville
Bryan D. Hocking, Deep River
Arnie Jackson, Carleton Place
William A. Kelly, Kingston
Robert F. Leach, Belleville
Jean Guy Rivard, Orleans
C. Ian Ross, Ottawa
Philip Sweetnam, Stittsville
W. Reginald Workman, Morrisburg



Government
of Ontario

CARSON
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Ontario Development Corporations



Annual Report
1984-1985

Minister's Message

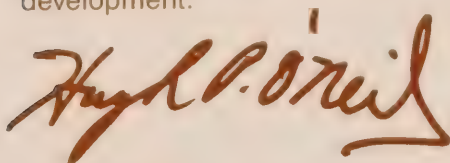
I am pleased to present the Ontario Development Corporation's Annual Report for the fiscal year 1984/85.

The Ontario Development Corporations share the high risk of small business development by assisting and encouraging Ontario's entrepreneurs. Responding to the unique needs and problems encountered by small business, we foster innovation, job creation, and regional development.

A growing economy needs new, innovative firms entering the marketplace. The Development Corporations encourage these start-ups by providing advice and sharing the very high financial risk of new business development.

Job creation and job maintenance is one of the most critical political, economic, and social issues of the eighties. It is well documented that a strong, dynamic small business sector is the key to creating new jobs and promoting economic growth.

As the recently appointed Minister of Industry, Trade and Technology, I look forward to working with the staff and clients of the Development Corporations to encourage new jobs, new ideas, and new development.



Hugh P. O'Neil
Minister of Industry, Trade and
Technology
November, 1985



Statement of the Chief Executive Officer

Since 1963, the Ontario Development Corporations have served the small business community of Ontario by providing advisory and financial services to secondary manufacturing and tourist industries.

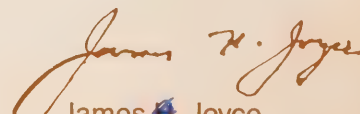
By far the most broadly based service provided by the Development Corporations is counselling to small business. This service includes assisting entrepreneurs with the development of rudimentary business plans, and helping them to cope with marketing, production, costing, and other common small business problems. In an average year, over 3,000 Ontario small businessmen receive specific advice and direction from the Corporations' staff of skilled professionals.

Ontario's small manufacturers look to the Development Corporations for long-term financing of start-ups, plant expansions, and new technology and productivity improvements. Financial assistance is tailored to the specific needs of individual businesses, and may involve special repayment terms or incentives. During the 1984/85 fiscal year, the Development Corporations approved 665 loans and guarantees totalling \$61 million for small and medium-sized industrial enterprises.

The Development Corporations also provide small businesses and new exporters with a revolving line of credit to finance export receivables. A total of \$33.3 million was approved under this program in the 1984/85 fiscal year, for 107 new and existing ODC clients.

Financial assistance is also provided for Ontario's tourist industry, to help start new tourist facilities, and to expand and improve existing tourist operations. 171 tourist loans and guarantees were approved in the past fiscal year with a total value of \$31.7 million.

The Ontario Development Corporation operates two former military bases as industrial parks. North Industrial Park, located in Cobham and Huron Industrial Park, near Exeter, help stimulate regional development by providing rent space for 22 manufacturers with over 2,000 employees.


James H. Joyce
Chief Executive Officer

The Development Corporations

To the
Ontario Development Corporation,
Northern Ontario Development
Corporation, Eastern Ontario
Development Corporation, and to
the Minister of Industry, Trade
and Technology.

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1985 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1985 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied, after giving retroactive effect to the changes in the method of accounting for interest income and long term investments as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a joint report on the audit has been made to the Development Corporations and to the Minister.



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

Toronto, Ontario,
August 27, 1985.

Combined Balance Sheet

as at
March 31, 1985

Assets

	1985 \$	1984 \$
Cash and short term deposits	35,285,198	31,700,848
Loans receivable (notes 1a and 3)	318,434,089	290,223,517
Long term investments (note 4)	5,222,700	2,165,200
Fixed assets (note 5)	3,953,307	4,461,604
Other assets (note 6)	781,085	551,428
Total assets	363,676,379	329,102,597

Liabilities

Accounts payable and accrued charges	529,424	425,330
Advances from the Province of Ontario	266,591,198	256,456,770
Deferred revenue (notes 1d and 2a)	26,281,869	11,962,430
Total liabilities	293,402,491	268,844,530

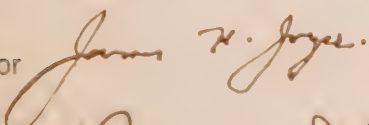
Shareholder's Equity

	1985 \$	1984 \$
Share capital – authorized and issued; 7,000 shares with a par value of \$1,000 each	7,000,000	7,000,000
Retained earnings	63,273,888	53,258,044
	70,273,888	60,258,044
Total liabilities and shareholder's equity	363,676,379	329,102,591

See accompanying notes to combined financial statements.

On behalf of the Boards:

Director 

Director 

Director 

Combined Statement of Operations

for the year ended
March 31, 1985

	1985 \$	1984 \$
Revenue		
Interest	22,026,616	18,309,893
Net income from Industrial Parks (note 8)	1,239,171	483,896
Rental income	—	50,094
	23,265,787	18,843,883
Expenses		
Interest	19,764,787	21,149,599
Loans written off and guarantees honoured	12,682,144	10,992,098
Guarantee interest subsidy	168,583	388,847
Administration (note 1g)	6,808,032	6,290,359
	39,423,546	38,820,903
Loss before recoveries from the Province of Ontario	(16,157,759)	(19,977,020)
Recoveries from the Province of Ontario (note 7)	26,173,603	27,493,570
Net income for the year	10,015,844	7,516,550

See accompanying notes to combined financial statements.

Combined Statement of Retained Earnings

for the year ended
March 31, 1985

	1985 \$	1984 \$
Balance, beginning of year, as previously reported	54,312,521	46,305,041
Retroactive changes in accounting policy:		
Deferred interest income (note 2a)	(1,631,127)	(563,550)
Long term investments (note 2b)	576,650	—
Balance, beginning of year, as restated	53,258,044	45,741,491
Net income for the year	10,015,844	7,516,550
Balance, end of year	63,273,888	53,258,041

See accompanying notes to combined financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

b) Loans written off and guaranteed loans paid

The write-off of loans and the honouring of guarantees are funded by the Province through a voted appropriation. Therefore, the Corporations make no provision for these. Had a provision for doubtful loans been made the Corporations estimate that \$22,400,000 (1984 – \$21,994,000) would have been recorded.

c) Revenue

Interest revenue is recognized using the accrual basis of accounting except in the case of loans where the receipt of interest is deferred for one year or more. For these loans, revenue is recognized as income only on receipt, as described in note 2a.

d) Deferred revenue

The Corporations have received transfer payments from the Province which have in turn been disbursed as loans. As all these loan agreements contain a provision for either deferred repayment or forgiveness, the transfer payments have been treated as deferred revenue which will be recognized as revenue if and when payments are received. Interest accrued on loans for which repayment has been deferred is also recorded as deferred revenue, as described in note 2a.

e) Fixed assets and depreciation

Equipment purchases are charged to expense in the year of acquisition, except for the Industrial Parks operations, for which all such amounts are capitalized. Depreciation of fixed assets is provided for on a straight-line basis, using rates of from 5 to 20 per cent per annum for building and improvements, and 20 per cent per annum for equipment.

Notes to the Combined Financial Statements

March 31, 1985

f) Long term investments

The Corporations account for long term investments on the cost basis.

g) Administration expenses

These expenses are reflected on a cash basis which is modified to allow an additional 24 days to pay for goods and services pertaining to the fiscal period just ended. In this regard, payments to employees for the pay period which overlaps the fiscal year end are prorated between the two years.

Details of administration expenses are as follows:

	1985 \$	1984 \$
Salaries and staff benefits	5,399,609	5,012,412
Transportation and communication	576,800	528,118
Services	511,370	423,524
Supplies and equipment	275,097	326,305
Total expenses reimbursed by the Province	6,762,876	6,290,359
Other expenses	45,156	—
	6,808,032	6,290,359

h) Wholly-owned subsidiaries, not consolidated

The Northern Ontario Development Corporation owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporations have not consolidated the operations of these subsidiaries because there is an intention of transfer ownership to the Ministry of Tourism and Recreation and any net income or losses of the subsidiaries will not accrue to the Corporation.

This change has been applied retroactively, resulting in a reduction of \$1,716,671 (1983-84 \$1,153,207; pre 1983-84 \$563,554) to net income and retained earnings as previously reported. The cumulative effect on retained earnings as at March 31, 1985 is a reduction of \$3,949,062.

2. RETROACTIVE CHANGES IN ACCOUNTING POLICY

a) The previous policy of recognizing all interest revenue on the accrual basis has been modified for loans where the receipt of interest is deferred for one year or more. For these loans interest revenue is now deferred and recognized only when received. The effect of this change on the current year's operations has been to reduce net income for the year by \$2,232,301.

b) The previous policy of accounting for all investments in which the Corporations have a significant influence on the equity basis has been changed. They are now accounted for on the cost basis, which is considered more appropriate to the nature of the investments. This change has had no effect on the current year's operations.

The change to the cost basis has been applied retroactively, resulting in an increase of \$576,650 to net income and retained earnings at March 31, 1984, as previously reported.

3. LOANS RECEIVABLE

	1985 \$	1984 \$
Term	112,996,494	105,867,32
Term, incentive	108,464,065	119,515,67
Agency	74,142,645	48,051,77
Forgivable	11,302,630	8,994,64
Other	11,528,255	7,794,11
	318,434,089	290,223,51

cluded in Agency loans is a loan of \$15,000,000 by the Ontario Development Corporation to Canada Development Corporation and John Labatt Limited for the construction of research facilities on the Allelix site (note 4). The borrowers may transfer title of the facilities to the Corporation in lieu of the repayment of principal and interest due on March 31, 1992.

LONG TERM INVESTMENTS

a) Allelix Inc.

The Ontario Development Corporation owns a 20 per cent equity interest in Allelix Inc., a joint venture with the Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which conducts pure and applied research in industrial and agricultural applications of biotechnology.

Transactions since acquisition consist of:

200 shares, at cost	\$ 200
Research payments	4,960,000

Should the research payments not be recoverable, any loss to the Corporation will be reimbursed by the Province.

b) HSA Systems, Inc.

The Ontario Development Corporation owns a 35 per cent equity interest in HSA Systems Inc. having a cost of \$262,500. The other 65 per cent interest is held by CapVest Limited, a subsidiary of Canada Development Corporation. HSA Systems Inc. was engaged in research and development, manufacture and marketing of electrochemical reactor systems. Operations have been wound down, all tangible assets sold, and no further financial benefit or loss is anticipated.

The Province will reimburse the Corporation in 1985-86 for losses incurred.

FIXED ASSETS

Fixed assets are stated at acquisition cost less accumulated depreciation as follows:

	1985 \$		1984 \$	
	Cost	Accumulated Depreciation	Net	Net
Land -				
Sheridan Park	222,981		222,981	222,981
Land	341,514		341,514	337,648
Buildings and				
improvements	10,900,069	7,657,612	3,242,457	3,778,887
Equipment	687,768	541,413	146,355	122,088
	12,152,332	8,199,025	3,953,307	4,461,604

OTHER ASSETS

Other assets consist of the following assets obtained as a result of loan defaults by borrowers:

	1985 \$	1984 \$
Investment in shares, at cost	301,498	59,000
Land and buildings, at 1977 appraised value		
plus subsequent additions at cost	131,528	131,528
Net investment in lease	348,059	360,897
	781,085	551,425

7. RECOVERIES FROM THE PROVINCE OF ONTARIO

The Province reimbursed the Corporations for the following expenditures:

	1985 \$	1984 \$
Interest expense	6,560,000	9,822,266
Administration	6,762,876	6,290,359
Performance loan forgiveness	—	579,864
Term loans written off	9,404,769	6,339,644
Guarantees honoured	3,277,375	4,072,586
Guarantee interest subsidy	168,583	388,847
	26,173,603	27,493,570

Interest expense is only reimbursed where the cost of funds exceeds interest charged on the loan.

8. INDUSTRIAL PARKS OPERATIONS

	1985 \$	1984 \$
Rent revenues, utility charges and interest	4,080,710	3,390,177
Operating expenses	2,841,539	2,906,281
Net income	1,239,171	483,896

9. CONTINGENT LIABILITIES

a) As at March 31, 1985 contingent liabilities arising from guarantees of bank loans and other guarantees amounted to \$63,867,075 (1984 – \$56,195,118). There are additional contingent liabilities resulting from guarantees of loans for which disbursements had yet to be authorized in the amount of \$32,678,720 (1984 – \$22,924,200).

b) A legal action claiming aggregate damages of \$4,500,000 plus interest has been instituted against Northern Ontario Development Corporation, Ontario Development Corporation, and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. Legal counsel of the Corporations is of the opinion that the claim is without merit.

10. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1985 amounted to \$105,952,595 (1984 – \$96,405,571).

In connection with the investment in Allelix there is a commitment for additional research contributions of \$10,040,000, to be financed by BILD.

11. COMPARATIVE FIGURES

Certain of the 1984 figures have been reclassified to conform with the 1985 financial statement presentation.

he affairs of each of the three
development Corporations are
nder the management and control
f Boards of Directors chosen from
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dustry, Trade and Technology.

Ontario Development Corporation

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Alex Siversky, Hawkesbury
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Sabina Adams, Sault Ste. Marie
Alex Christie, Toronto
John G. Dubien, Kapuskasing
Lloyd S.D. Fogler, Q.C., Toronto
C. David Gifford, Peterborough
Janet E. Guest, Renfrew
Douglas J. Johnson, Kenora
Michael D. Lipton, Q.C., Toronto
Marnie A. McGarry, London
William, C. Munnoch, Woodstock
William S. Thomson, Oakville

Boards of Directors

Eastern Ontario Development Corporation

Alex Siversky, Hawkesbury
(Chairman)
C. David Gifford, Peterborough
(Vice-Chairman)
Aurele Clement, Cornwall
Janet E. Guest, Renfrew
John F. Guthrie, Belleville
Arnie Jackson, Carleton Place
William A. Kelly, Kingston
Robert F. Leach, Belleville
Lorne Mallory, Brockville
Antonio Mariani, Ottawa
Jean Guy Rivard, Orleans
C. Ian Ross, Ottawa
Philip Sweetnam, Stittsville

Northern Ontario Development Corporation

Douglas J. Johnson, Kenora
(Chairman)
Gerald Brousseau, Timmins
(Vice-Chairman)
Sabina Adams, Sault Ste. Marie
Gordon J. Biddie, Parry Sound
Pat Birnie, New Liskeard
Rodger Bowness, North Bay
Michael Brophy, Rutherglen
Andrew F. Coffey, Thunder Bay
John G. Dubien, Kapuskasing
Patrick Gamble, Thunder Bay
A. Mills Paton, Thunder Bay
Edward G. Skinner, Sudbury
Robert G. Topp, Sault Ste. Marie
Harry Vanderweerden, Gore Bay

The Ontario Development Corporations

56 Wellesley Street W.
Queen's Park
Toronto, Ontario
M7A 2E7
(416) 965-4622

Ontario Development Corporation

London	Suite 607 195 Dufferin Avenue N6A 1K7 (519) 433-2871
Willowdale	Suite 480 5 Fairview Mall Drive M2J 2Z1 (416) 491-7996
Hamilton	119 King Street West P.O. Box 2112 L8N 3Z9 (416) 521-7785
Kitchener	Suite 507 Canada Trust Building 305 King Street West N2G 1B9 (519) 744-1991
Peel Region	Suite 608 201 City Centre Drive Mississauga L5B 2T4 (416) 279-9150

Northern Ontario Development Corporation

Thunder Bay	435 James Street S. P7C 5G6 (807) 475-5322
Timmins	273 Third Avenue P4N 1E2 (705) 264-1323
Sudbury	199 Larch Street P3E 5P9 (705) 675-4333

Eastern Ontario Development Corporation

Kingston	Suite 308 1055 Princess Street K7L 5T3 (613) 547-2251
Ottawa	Suite 404 56 Sparks Street K1P 5A9 (613) 566-3707
Peterborough	139 George Street N K9J 3G6 (705) 742-3490

The Ontario Development Corporations 1986

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Hugh P. O'Neil
Minister of Industry, Trade and
Technology

Patrick J. Lavelle
Deputy Minister of Industry, Trade
and Technology

Douglas J. Johnson
Chairman
Northern Ontario Development
Corporation,
Acting Chairman
Ontario Development Corporation

Alex Siversky
Chairman
Eastern Ontario Development
Corporation

Donald Green
Chairman
Innovation Ontario Corporation

David MacKinnon
President and Chief Executive Officer
Ontario Development Corporations

Mailing address:
Ontario Development Corporations
56 Wellesley Street West
Queen's Park, Toronto
Ontario/Canada M7A 2E7

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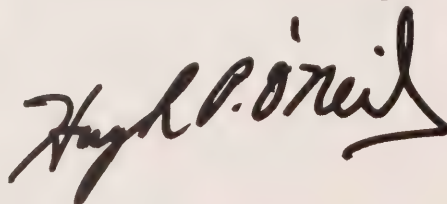
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Minister's Message

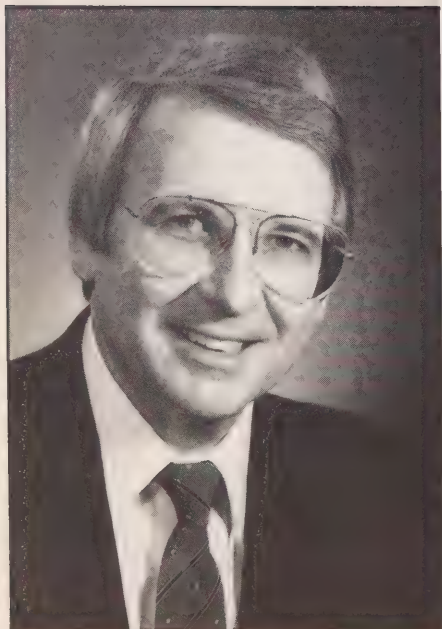
This has been a significant and eventful year for the Ontario Development Corporations. In the past twelve months we have witnessed new programs and unprecedented growth in existing activities. As well, we have embarked on major internal reforms designed to strengthen the unique partnership between Ontario's private and public sectors that these institutions represent.

Both the North and the East have benefitted significantly from this increased development activity — the result of a more flexible approach to financial programs, and an increased awareness of the unique economic situation of each region and each business we serve.

In coming months, I expect the modernization initiatives for the corporations that I announced in the Legislative Assembly last November to result in even better service to our customers. In the final analysis, getting closer to customers and serving their needs is our primary objective. I take pleasure, consequently, in presenting this report of the Ontario Development Corporations for 1986. It describes how we have sought to achieve this goal.



Hugh P. O'Neil
Minister of Industry, Trade and
Technology



Message from the President and Chief Executive Officer

Starting a small business is neither easy nor immediately rewarding. In many cases, it takes considerable courage to face the difficult early days, the absence of quick rewards, and the remarkably hard work that most start-ups demand. The development corporations encourage this early stage development by providing advice, and by sharing the very high technical and financial risks of new business development.

Much of the corporations' focus is towards encouraging the technological modernization of Ontario's industry. The current entrepreneurial resurgence is every bit as significant as the industrial revolution of the last century. It depends on the creativity of thousands of men and women, mostly working in very small businesses, for its continuation. The boards and staff believe that every person or business helped in the early stages of business development by the Ontario Development Corporations is an important contribution to the future prosperity of the province, and the growth of its technological base.

The corporations are also designed to help smaller enterprises compete in international markets. To accomplish this, we have programs that explicitly encourage small businesses to export, a process which is often a major step in their life cycle and one that is accompanied by considerable risks. The corporations try to narrow the risks for small business exporters with high potential.

Because each part of the province has its own mix of economic opportunities and disparities, we have established three distinctive development agencies to address these needs: the Ontario Development Corporation (serving Central and Southwestern Ontario), the Northern Ontario Development Corporation, and the Eastern Ontario Development Corporation. Each corporation tailors its programs to the specific characteristics of each region of Ontario. Encouraging and aiding the growth of new technology-based enterprises throughout Ontario is the first priority of the new Innovation Ontario Corporation.

The corporations' lending procedures

are being streamlined to enable the corporations to respond more efficiently to our customers' needs. We recognize that our performance in this respect has been hampered by insufficient use of modern computer technology and an outdated organizational structure. Both problems are being addressed with vigour.

The corporations have a history of genuine achievement. We have played a key role in the provision of high risk loans to many small businesses which have moved on to make important contributions to Ontario's economy. We have developed two obsolete military bases into major industrial facilities at no cost to the taxpayer. We have long provided effective agency and trust services to other ministries. But time stands still for no one and no institution. The substantial changes underway in all aspects of our operations will create a fully modern organization that will be an important cornerstone to Ontario's regional and industrial policy for the rest of this century and beyond.



David MacKinnon (seated centre) with senior staff at regular Tuesday meeting

Boards of Directors

The Boards of Directors manage and control the affairs of the corporations. They are charged with recommending to the Minister of Industry, Trade and Technology, policies and regulations affecting the corporations. They also pass by-laws to regulate their proceedings as they apply to the conduct and management of the corporations' business.

In addition to their policy function, the boards review and approve applications for financial assistance. The appropriate board deals directly with applications in excess of \$100,000, while requests for smaller amounts are handled at staff levels.

Applications in excess of \$250,000 require approval by Cabinet and Order-in-Council.

To ensure that the requirements of all regions are adequately represented, board members are chosen from the business and professional communities of their respective regions.



EODC board members John Guthrie, Bob Leach, Arnie Jackson, and Jean Rivard at a recent board of directors meeting.

A History of Achievements

It's been brisk business, with rewarding results for the Ontario Development Corporations as we know them today, since they started life in 1963 as the Ontario Development Agency.

An act of the Legislature established the Ontario Development Corporation (ODC) in 1966, empowering it as a crown corporation to give term, mortgage and working capital loans and bank loan guarantees.

The Northern Ontario Development Corporation (NODC) was created in 1970, and three years later the Eastern Ontario Development Corporation (EODC) came into being, making ODC services more responsive to local needs.

The newest member on the development corporations team is Innovation Ontario Corporation (IOC), created to stimulate the growth of technology-based companies and their products, processes and services.

Established in the Fall of 1986, IOC has a mandate to reduce risks in the launching of new technology firms by providing financial participation, as well as a range of technical, business and information services to Ontario inventors, entrepreneurs and small-to-medium sized businesses.

Ten years ago 258 corporation loans and guarantees totalling \$33.6 million were provided to small and medium-sized businesses.

In 1986, the corporations approved 666 loans and guarantees totalling \$61.6 million for small and medium-sized manufacturing enterprises.

They also provided 90 small businesses and exporters with loans totalling \$35.2 million to finance export receivables.

A total of 160 loans and guarantees, amounting to \$38.8 million, was provided to Ontario's tourist industry to help start new facilities and expand and improve existing operations.

The overall spinoff: some 6,190 additional jobs in the first year and 13,570 within five years, with total investments generated soaring to \$360.1 million.

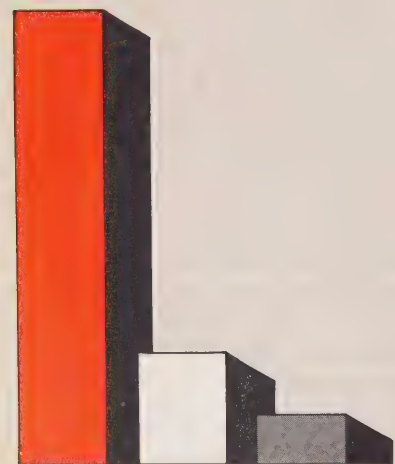
Ontario Development Corporation Loan Activity 1986

Industry 370 loans, \$37.1 million

Export, 88 loans, \$34.0 million

Tourism 38 loans, \$10.8 million

496 Loans



\$81.9 Million



Action in Southwestern/ Central Ontario

Classic Boats Restored

Shipbuilding has been part of the Butson family for 150 years — originating in England and reaching Canada in 1905. Today, Butson Boats Ltd. of Port Carling is continuing the tradition, specializing in restoring classic antique boats, mostly the solid mahogany ones built before World War II.

Ron Butson — “I’m the fifth Butson in the business” — is President, and his son, Tim, is Secretary-Treasurer of the firm.

With the help of a \$100,000 Ontario Development Corporation loan in 1983, a landscaped, 260 m² (2,800 sq. ft.) production building and matching storage premises were developed. In 1985 a \$40,000 loan made further expansion possible when a new paint shop, millroom, lumber storage area and varnish shop were added.

In addition to restoring the classic boats, the Butsons, with the help of 14 employees, also renovate other boats and undertake designing and custom building.

“Nowadays, we are busy with eight boats at any time, with orders booked at least a year ahead,” says Ron Butson.



	1 Year	5 Years
Estimated new jobs:	2,848	7,354
\$ Value of loans per capita:		\$12.80
Total investment generated:	\$183.3 Million	

Stimulating the North

Tourists Demand Comfort

Tomahawk Resorts Ltd., located at Sioux Narrows, a popular rendezvous for tourists to the Lake of the Woods district, has been expanded and modernized with the assistance of the Northern Ontario Development Corporation.

It now comprises eight cottages, two houseboats and a large trailer park with washroom, laundry, playground, hiking and other facilities.

"There is more demand by tourists these days for quality accommodation, comfort and a range of facilities," says Albert Kast, President of Tomahawk.

A \$70,000 NODC loan in 1973 was used to acquire 25 trailer sites with full hook up services, and for constructing washroom, laundromat and office buildings, and a sewage system to meet future needs.

With a \$100,000 loan in 1985, a second houseboat was bought, and a modern three-bedroom cottage built. Another cottage has since been remodelled – "and this winter two other cottages were renovated; we are continually upgrading," adds Mr. Kast.

Each season (May 1 – October 15) brings more guests, and early bookings indicate "a good 1987 season."



George Melnychuk, President of Resource Technologies Inc. of Sudbury and Arne Sorenson, Director of Loan Applications for NODC and EODC

	1 Year	5 Years
Estimated new jobs:	2,010	3,043
\$ Value of loans per capita:		\$36.30
Total investment generated:	\$70.4 Million	

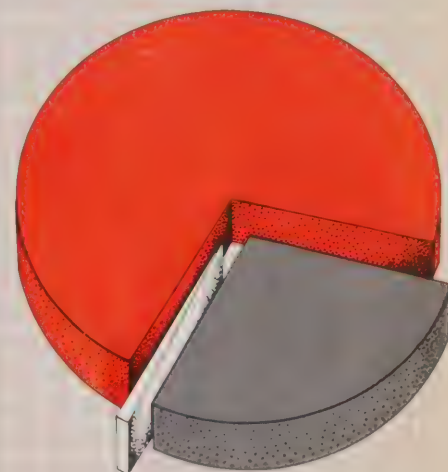
Northern Ontario Development Corporation Loan Activity 1986

Industry 176 loans, \$9.9 million

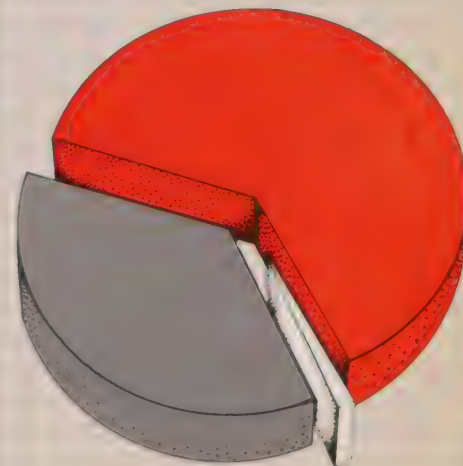
Export 1 loan, \$.15 million

Tourism 76 loans, \$16.6 million

253 Loans



\$26.65 Million



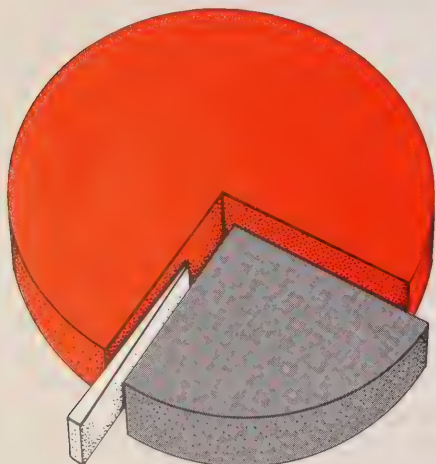
Eastern Ontario Development Corporation Loan Activity 1986

Industry 120 loans, \$14.6 million

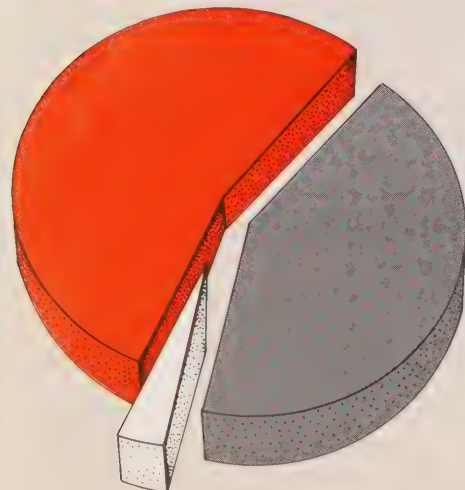
Export 1 loan, \$1.0 million

Tourism 46 loans, \$11.3 million

167 Loans



\$26.90 Million



High Tech Shines in the East

Hardware for High Tech Industries

Precision hardware, used in the production of highly sophisticated products, is being manufactured in increasing volume by Globus Tool and Die Co. (1983) Limited of Ottawa, to meet growing aerospace, national defence and commercial requirements.

"We have had to expand our facilities and purchase modern equipment to comply with the increased demand for the various components," says Leslie Varhelyi, Globus President.

Two Eastern Ontario Development Corporation loans helped pave the way for the company's development: \$125,000 in 1981 and \$250,000 in 1986.

"The EODC financial assistance was of great benefit as we pursued our expansion program; and our future prospects are bright—without doubt," adds Mr. Varhelyi.

In the past five years the firm's staff has increased from 14 to 32 employees.



Leslie Varhelyi, EODC consultant Jim Lindsay, and Globus quality control inspector Dale Hoover.

	1 Year	5 Years
Estimated new jobs:	1,332	3,170
\$ Value of loans per capita:		\$18.42
Total investment generated:	\$106.5 Million	

The Development Corporations' Service to Industry

Through selective financial assistance to small businesses, the corporations help encourage Ontario's economic development and increased employment.

Term loans and guarantees to industry are tailored to specific needs, usually as part of a total financial package when traditional funding under normal terms and conditions is not sufficient.

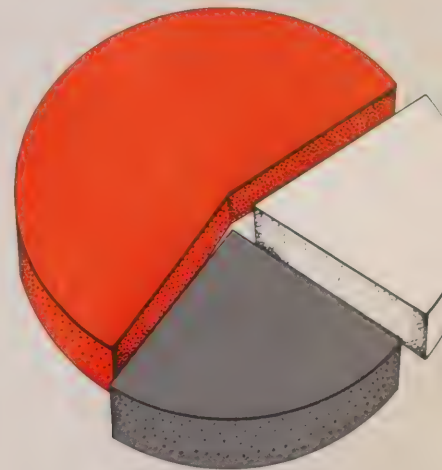
Loans to Industry 1986

ODC 370 loans, \$37.1 million

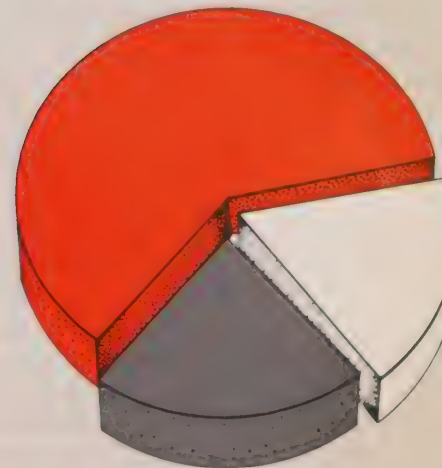
NODC 176 loans, \$9.9 million

EODC 120 loans, \$14.6 million

666 Loans



\$61.6 Million



Production Problems Reduced

L.H.D. Equipment Ltd. of North Bay, a manufacturer of parts for the maintenance and support of mobile equipment in the mining industry, has been able to achieve greater production efficiency with financial assistance from the Northern Ontario Development Corporation.

Within a \$100,000 loan in 1983, the firm purchased a computer-controlled lathe, and with another \$100,000 loan, secured new premises.

"Through NODC assistance we have remained competitive and have reduced manufacturing problems," says Thomas Fraser, President. The company now has 67 employees, compared to 23 in 1983.

Products include hydraulic cylinders, bushings, pins and miscellaneous parts. Installation of a second automated lathe is being considered.

Ontario Development Corporation Action in Southwestern/ Central Ontario

Ontario accounts for 38 percent of Canada's Gross National Product, and just over 38 percent of the nation's total personal income. A major force in the province's economy is Southwestern and Central Ontario with its strong industrial base and highly-skilled workforce, where some 6.5 million of Ontario's 9-million population is concentrated.

The ODC is responsible for financial activities in this region and plays a major role in stimulating the start-up of new ventures.

Businesses in the region serve a large domestic market and account for more than 90 percent of the province's export trade.

Northern Ontario Development Corporation Stimulating the North

Our focus has been mainly on providing jobs, particularly for young people, who are unemployed as a result of problems in the huge, resource-based sectors of the economy: metals, minerals, pulp and paper, and grain transportation.

As well, tourist facilities have been encouraged to upgrade premises for year-round operation.



The Development Corporations

Combined Financial Statements
for the year ended March 31, 1986

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry, Trade and Technology:

I have examined the combined balance sheet of the Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1986 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of the Development Corporations as at March 31, 1986 and the results of their operations for the year then ended in accordance with the accounting policies described in note 1 to the combined financial statements applied, after giving retroactive effect to the changes in accounting policy described in note 2 to the combined financial statements, on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a joint report on the audit has been made to the Development Corporations and to the Minister.

Toronto, Ontario,
September 26, 1986.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

Combined Balance Sheet

as at March 31, 1986

Assets

	1986 (\$000's)	1985 (\$000's)
Cash and short-term deposits	32,541	32,411
Account receivable		
— Province	6,662	1,666
— other	602	517
Loans receivable (note 3)	289,652	299,114
Long-term investments (notes 2(a) and 4)	263	263
Fixed assets (note 5)	3,752	3,955
Other assets (note 6)	711	781
Total assets	334,183	338,701

Liabilities

	1986 (\$000's)	1985 (\$000's)
Accounts payable	474	529
Advances from the Province		
— interest bearing	154,410	175,900
— non interest bearing	92,619	85,981
Deferred revenue	5,636	6,016
Total liabilities	253,139	268,426

Shareholder's Equity

	1986 (\$000's)	1985 (\$000's)
Share capital — authorized and issued:		
7,000 shares with a par value of		
\$1,000 each	7,000	7,000
Retained earnings	74,044	63,274
	81,044	70,274
Total liabilities and shareholder's equity	334,183	338,700

See accompanying notes to combined financial statements.

(signed) Douglas J. Johnson
Chairman

(signed) Alex Siversky
Chairman

(signed) Evelyn Goodman
Director

Combined Statement of Operations

for the year ended March 31, 1986

	1986 (\$000's)	1985 (\$000's)
Revenue		
Interest	23,992	22,021
Net income from industrial parks (note 7)	1,403	1,235
Rental income	27	—
	25,422	23,266
Expense		
Interest on advances	19,062	19,761
Loans written off and guarantees honoured		
— Term	16,185	12,681
— Agency	4,879	2,041
Non-recoverable interest written off	602	—
Guarantee interest subsidy	2,365	1,731
Administration (note 8)	7,154	6,801
Grants (note 2)	4,740	2,901
	54,987	45,931
Loss before recoveries from the Province	29,565	22,661
Recoveries from the Province (note 9)	40,335	32,681
Net income for the year	10,770	10,011

Combined Statement of Retained Earnings

for the year ended March 31, 1986

	1986 (\$000's)	1985 (\$000's)
Balance, beginning of year	63,274	53,274
Net income for the year	10,770	10,011
Balance, end of year	74,044	63,274

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements

March 31, 1986

1. Significant Accounting Policies

a) General

These combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

b) Loans written off

The write off of loans receivable is recovered from the Province by corresponding reductions in advances from the Province. In 1986, as directed by the Province, all amounts deemed uncollectible were written off.

c) Guaranteed loans paid

The honouring of guarantees is funded by the Province and therefore, no provision is made.

d) Recoveries of loans written off and guarantees honoured

Any amounts recovered on loans previously written off and guarantees previously honoured are paid directly to the Province and are not reflected in the Statement of Operations.

e) Revenue

Interest revenue is recognized as income using the accrual basis of accounting except in the case of loans where the receipt of interest is deferred for one year or more. For these loans, revenue is recognized as income on receipt.

f) Deferred revenue

Interest accrued on loans for which repayment has been deferred (see note 1(e) above) is recorded as deferred revenue until such time as interest is actually received.

g) Fixed assets

Equipment purchases are charged to expense in the year of acquisition, except for the Industrial Parks operations, for which all such amounts are capitalized. Depreciation of these fixed assets is provided for on a

straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment. Buildings acquired as a result of loan defaults by borrowers (see note 6) were capitalized and are depreciated on a straight-line basis at the rate of 5 per cent per annum.

h) Long term investments

The Corporations account for long term investments on the cost basis.

i) Administration expenses

These expenses are reflected on a cash basis which is modified to allow an additional 24 days to pay for goods and services pertaining to the fiscal period just ended.

2. Retroactive Changes in Accounting Policy

a) With regard to the long term investment in Allelix Inc. (see note 4) there has been a change in the accounting for payments made towards operating costs. Formerly these payments were capitalized and reported as long term investments because these payments carried rights to acquire equity shares at a nominal cost. These payments are now accounted for as grants and are recovered from the Province. The effect of this change on the current year's operations has been to reduce both long term investments and advances from the Province by \$4.7 million and to increase both expense and recoveries from the Province by \$4.7 million.

This change has been applied retroactively to previously reported balances, resulting in a reduction in long term investments and in advances from the Province of \$5 million (1985 — \$2.9 million; pre 1985 — \$2.1 million), and a corresponding increase in expense and in recoveries from the Province.

b) The Corporations receive transfer payments from the Province which are disbursed as conditional loans. These loans were previously recorded as loans receivable and as deferred revenue because the loan agreements contained provisions for deferred repayment or forgiveness. These loans are now considered as assets administered in trust for the Province. Any repayment of the loans will be returned to the Province as a recovery of prior year expenditures. Any interest received from the borrowers will continue to be recorded as revenue when received by the Corporations.

The effect of this change is to reduce loans receivable and deferred revenue by \$20.8 million. This change has been applied retroactively to balances previously reported in 1985 resulting in a reduction of \$18.8 million to both loans receivable and deferred revenue. See also note 3.

3. Loans Receivable

	1986 (\$000's)	1985 (\$000's)
Term	215,027	236,572
Agency	74,625	62,542
	289,652	299,114

Agency loans represent loans approved and funded through programs of other provincial ministries and agencies, but the agreements are signed and managed on their behalf by the Development Corporations. Included in Agency loans is a loan of \$15 million to Canada Development Corporation and John Labatt Limited for the construction of research facilities for Allelix Inc. (note 4). The borrowers may transfer title of these facilities to the Ontario Development Corporation in lieu of the repayment of the principal and interest due on March 31, 1992.

In addition, the Ontario Development Corporation administers loan agreements signed by other Ministries and therefore not reflected in the financial statements of the Corporation. In 1986, there were 33 such loans amounting to \$26.6 million.

Also not reflected in the financial statements are transfer payments received from the Province which have been disbursed as conditional loans (see note 2(b)). Details of transactions relating to these loans are as follows:

	1986 (\$000's)	1985 (\$000's)
Loans outstanding, beginning of year	18,802	8,891
Add: loans disbursed	5,579	11,427
Less: loans forgiven	(3,555)	(1,516)
Loans outstanding, end of year	20,826	18,802
Cash yet to be disbursed as loans	1,176	813

4. Long Term Investments

a) Allelix Inc.

The Ontario Development Corporation owns a 20 per cent equity interest in Allelix Inc., a joint venture with the Canada Development Corporation (50 per cent) and John Labatt Ltd., (30 per cent), which conducts pure and applied research in industrial and agricultural applications of biotechnology. As a condition of this investment each shareholder contributes towards the operating costs in the ratio of his investment. The Corporation's share to date was \$9.7 million.

The investment consists of 200 common shares, at cost — \$200, and 47,000 redeemable preference shares, at cost — \$470.

b) HSA Systems Inc.

The Ontario Development Corporation owns a 35 per cent equity interest in HSA Systems Inc. having a cost of

\$262,500. The operations of this corporation have been wound down and no proceeds realized. The Province will reimburse the Corporation for any losses incurred.

5. Fixed Assets

Fixed assets relate primarily to the Industrial Parks and are stated at acquisition cost, less accumulated depreciation as follows:

	1986			1985
	Cost (\$'000's)	Accumulated Depreciation (\$'000's)	Net (\$'000's)	Net (\$'000's)
Land	226	—	226	223
Sheridan Park				
Land	341	—	341	341
Buildings and improvements	11,495	8,481	3,014	3,243
Equipment	787	616	171	146
	12,849	9,097	3,752	3,953

6. Other Assets

Other assets consist of the following assets obtained as a result of loan defaults by borrowers:

	1986 (\$000's)	1985 (\$000's)
Investment in shares, at cost	301	301
Land and buildings, at 1977 appraised value plus subsequent additions at cost, less accumulated depreciation of \$56,000	75	132
Net investment in lease	335	348
	711	781

7. Industrial Parks Operations

	1986 (\$000's)	1985 (\$000's)
Revenues from rent, utility charges and interest	4,234	4,081
Less: operating expenses	1,933	2,010
depreciation	898	832
Net income	1,403	1,239

8. Administration

The cost of administration is borne by the Province through the Ministry of Industry, Trade and Technology (MITT). Details of administration expenses are as follows:

	1986 (\$000's)	1985 (\$000's)
Salaries and staff benefits	5,739	5,400
Transportation and communication	628	577
Services	491	511
Supplies and equipment	237	275
Total expenses reimbursed by the Province	7,095	6,763
Other expenses	59	45
	7,154	6,808

9. Recoveries from the Province

The Province reimburses the Corporations for interest expense where the cost of funds exceeds interest charged on a loan, for administration expenses (note 8), for term loans written off, for guarantees honoured, for guarantee interest subsidies, and for grants.

10. Contingent Liabilities

a) As at March 31, 1986 contingent liabilities arising from guarantees of bank loans and other guarantees amounted to \$102.6 million (1985 — \$100.2 million).

b) A legal action claiming damages of \$4.5 million plus interest has been instituted against the Corporations

and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. Legal counsel of the Corporations is of the opinion that the claim is without merit.

11. Commitments

Loans committed but not disbursed as at March 31, 1986 amounted to \$73.3 million (1985 — \$68.8 million). In connection with the investment in Allelix Inc. there is a commitment for additional research contributions of \$5.3 million to be financed by MITT.

12. Transfer of Wholly-owned Subsidiaries

During the fiscal year all of the outstanding shares of Minaki Lodge Resort Ltd. and of Minaki Development Company Limited were transferred from the Northern Ontario Development Corporation to the Ministry of Tourism and Recreation for no consideration.

13. Subsequent Events

a) On May 9, 1986, the Ontario Development Corporation, acting as agent for the Province, entered into agreements and acquired equity interests for no consideration as part of a restructuring of Massey Ferguson Ltd.

b) On July 1, 1986, the Ontario Development Corporation assumed responsibility for the seven subsidiaries of the IDEA Corporation. These subsidiaries held investments and commitments which have a value yet to be determined by the Ontario Development Corporation.

c) On September 15, 1986, the Innovation Ontario Corporation was established by regulation under the Development Corporations Act as an agency of MITT. Administrative support services will be provided by Ontario Development Corporation and MITT. Program costs are estimated at \$5.3 million for fiscal 1986-87.

14. Comparative Figures

Certain of the 1985 figures have been reclassified to conform with the 1986 combined financial statement presentation.



Government
of Ontario,
Canada

Innovation Ontario Corporation

Innovation Ontario Corporation provides financial assistance and advice to help inventors and entrepreneurs develop their products to the stage where private sector venture capital can be attracted.

All proposals are assessed on the basis of technical merit, commercial viability and strategic significance to Ontario. Care has been taken to ensure that the Corporation has sufficient flexibility to meet the unique requirements of young companies and entrepreneurs in the vital technology sector.

Since IOC was established in September of this year, it has helped a number of clients in diverse fields, such as software and electronics, medically-related products, biotechnology, agri-business and consumer products.

Eastern Ontario Development Corporation High Tech Shines in the East

Textiles, tourism and farming have been key industries in Eastern Ontario, but during the past decade, textiles have had severe competition from low-cost imports, while farming has become capital rather than labor intensive.

These problems have largely been offset by strong growth in microelectronics, telecommunications and defence sectors.



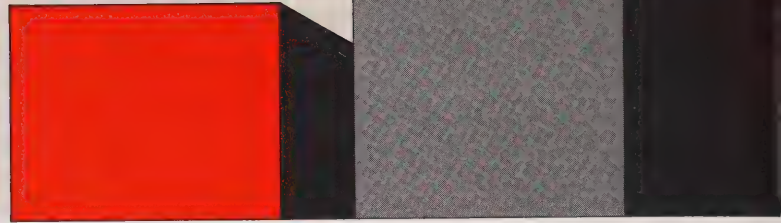
Field Offices ●
Industrial Parks ▲
Head Office ▼

Loans to Exporters 1986

Exports \$52.7 million



Loans \$35.2 million



The Development Corporations' Service to Exporters

A revolving line of credit is offered to Ontario-based exporters experiencing working capital problems in selling abroad.

Up to 90 percent of the invoice value of shipments may be advanced on receipt of evidence that the goods have been shipped.

Ontario contributes about 50 percent of Canada's total exports, and more than 80 percent of the country's sales abroad of fully manufactured goods.

Last year the corporations' lines of credit amounted to some \$35.2 million, extended to 90 companies.

Exports and Jobs Booster

Like many manufacturers, Ontario Store Fixtures Inc., of Weston, realized their future depended on reaching markets abroad.

"The only source from which we could get the necessary financial support was the Ontario Development Corporation," recalls Milton Shier, Chairman and Chief Executive Officer of the company.

In 1978, the firm received an initial \$250,000 ODC Export Support Loan. This revolving line of credit for financing export receivables was increased progressively to \$1.5 million as sales abroad expanded and staff boosted from 60 to 560.

Last year, exports topped \$25 million and the firm was able to raise equity financing through a public share offering. Recently, the company retired its export loan in full.

"Our successes, making us financially strong, could not have been accomplished without the support of ODC," adds Mr. Shier. "It was only through our Export Support Loan that we were able to supply those markets abroad."

For ODC, losing a borrower this way is always a happy event.

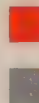


Loans to Tourism 1986

ODC 38 loans, \$10.8 million

NODC 76 loans, \$16.6 million

EODC 46 loans, \$11.4 million



The Development Corporations' Service to Tourism

Based on the needs and circumstances of the borrowers, term loans and guarantees are offered for the development, expansion and upgrading of tourist facilities in designated areas.

Tourism is one of the province's largest employers, and it is a major source of foreign income. In 1985, 23.5 million tourists from the United States and 975,000 from overseas visited Ontario.

In 1986, 160 tourist businesses were helped by corporation funding totalling \$38.8 million.

Among the increasing number of passengers are more "repeat passengers." One tourist has made the trip 14 times, and at least another six have travelled the scenic voyage ten times. "They love the luxury and being pampered, and experiencing such wonderful scenery."

A staff of 26, including the Captain, Mate and Engineer, handles the cruises. Most of the employees are university students and college graduates with hospitality training.

They Love the Luxury

Cruises around the Thousand Islands and the St. Lawrence River to Montreal are gaining in popularity and boosting business for Kingston based Rideau St. Lawrence Cruise Ships.

"It's a comparatively short season (from mid-May to the end of October), but an extremely busy one; we're only in port a few hours after each trip, then off again," says the firm's President, R. W. (Bob) Clark.

Financial assistance from the Eastern Ontario Development Corporation enabled the firm to build and equip the ship 'Canadian Empress', which went into operation in 1982. "Without that assistance we could not have succeeded; by 1984 we were sailing pretty, and now each season gets busier," adds Mr. Clark.

Industrial Parks

Two industrial parks, owned and operated by the Ontario Development Corporation, help stimulate regional growth by providing rental space for 24 manufacturers with some 2,200 employees.

They are Huron Industrial Park, a 310-hectare site near Exeter, and the 57-hectare Northam Industrial Park, Cobourg, both formerly military bases.

Huron Park

Twelve companies at the Huron site produce a wide range of products, including automotive parts, auto wiring, anti-abrasive and anti-corrosive linings, membrane roofing, reinforced plywood and chain saws.

The site also incorporates a large bottling plant, the Centralia College of Agricultural Technology, 360 houses (all leased) and a licensed airfield.

One of the three runways is leased to the Ontario Ministry of Transportation and Communications, where it conducts extensive safety tests on trailer trucks, including anti-jack-knifing measures.

Huron Park also accommodates a large gymnasium, sports facilities, Huron Hockey School, and is home to a grocery store, post office, hair-dressing salon, laundromat, bank, restaurant and auto service centre.

Northam Park

Products flowing from the Northam Park site include custom extruding, high-tech water cooling coils for CANDU reactors, electric cables, mixing devices for applying glue on fenders, touch-up paint for autos, kitchen equipment and breakfast cereals.

Buildings have enclosed truck docking facilities, and paved roads to the park's three main entrances. ODC handles site maintenance, supplies steam sold to tenants for heating, and owns the spur line connecting each plant to the CN main line.

The firms employ about 1,200 people, and have as institutional tenants a school board and a government facility.

H & K Manufacturing Ltd.

Internationally prominent as the producer of flight kitchen and fast food equipment, H & K Manufacturing Ltd. moved from Toronto (where it was the manufacturing arm of Hospital and Kitchen Equipment Ltd.) to locate at Northam Park in 1972.

Well versed in design, manufacture and servicing of just about every operative need of the food service and hospitality industry, H & K makes ovens, refrigerator systems, counter tops, ice boxes, racks and shelving. It is an approved supplier to several fast food chains, including McDonald's in Canada and the United States.

Its high performance production machinery includes computerized units for forming, notching and punching steel. Strict quality control ensures each item produced is inspected and checked against original specifications.

With an incentive loan of \$500,000 provided by EODC, along with federal government assistance, H & K has been able to double its manufacturing plant, expand sales at home and abroad, and increase its payroll.

The Branches

Coordination and Diversity

New business, exports and jobs are generated by the development corporations, while terms and conditions of assistance are shaped to suit the circumstances of individual projects.

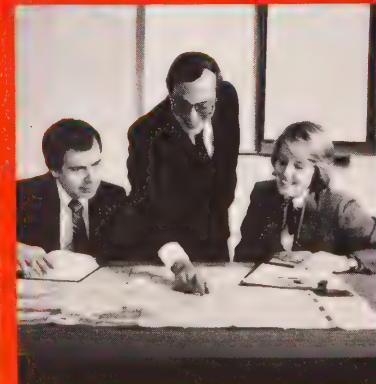
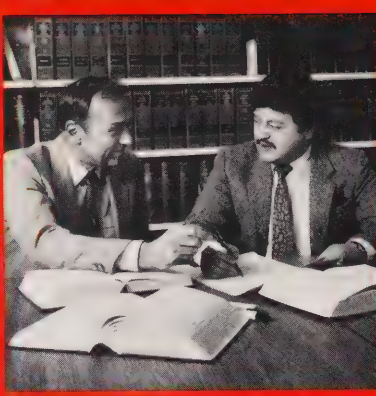
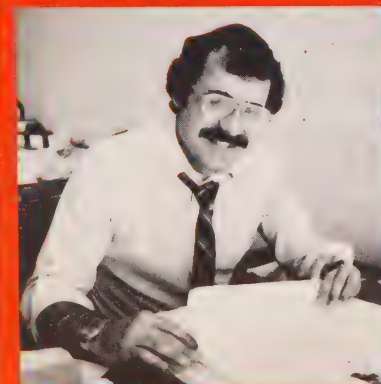
The Loan Application branches assess each application on its own merit against regional, technical, export and social considerations. The branches provide services to clients through 11 field offices, as well as the head office, with two new offices scheduled to open in Northern Ontario in 1987.

In their agency role the corporations serve as an advisor and financial agent to other ministries and agencies in their financial arrangements with the private sector. Most of this work is done by the Special Financial Services branch; it also participates in multi-million dollar projects proposed by large enterprises.

Administration and systems support comes from the Finance and Administration branch, which also provides accounting services and handles disbursement of approved loans.

Legal documentation to implement financial assistance programs provided by the corporations is created and processed by the Legal Services branch.

Financial aid agreements between the corporations and their clients are monitored and maintained by the Loan Administration branch, which also looks after financial agreements on behalf of some ten ministries, cabinet committees and federal/provincial cost-sharing agreements.



Our Staff

Since 1982, the development corporations' active loan portfolio has increased by almost 28 percent, from 2,144 to 2,739, while the number of new loan and guarantee approvals has risen by an average 18 percent per year.

In the same period, only seven more employees have been added to the staff—a 4.6 percent increase. It all spells teamwork, cooperation, hard work and efficiency.

The Corporations' Programs

The corporations support the development of small businesses in industry, trade, tourism and the service sector. Special emphasis is given to encouraging:

- entrepreneurship
- job creation
- regional diversification
- expansion of both international and domestic trade
- the development and use of new technology
- productivity and competitiveness of Ontario's industrial base
- development of the province's tourism industry

The corporations are primarily involved in providing risk capital to small businesses.

Direct Term Loans

Term loans are provided as part of a total financial package, when private sector funding under normal terms and conditions is not available.

Guarantees

In special circumstances, the corporations can also guarantee loans from conventional sources if adequate private sector funding would not otherwise be available.

Export Support Loans

Loans up to \$1,000,000 are available to Ontario-based exporters to help finance foreign accounts receivable.

Incentives

Special incentives may be applied to both term loans and guarantees in cases where there is a demonstrated need on the part of the applicant and the proposal carries significant benefits to the province.

Interest Rates

The corporations' basic interest rate is set monthly at the province's medium-term borrowing rate. Rates two percent lower than the basic rate apply to Tourist Loans and Export Support Loans.

Innovation Ontario Corporation

IOC provides equity investment and advice to help inventors and entrepreneurs develop their products to a stage where private sector venture capital can be attracted.

Ontario Development Corporation Board of Directors

Douglas J. Johnson, Kenora (Acting Chairman)
Alex Siversky, Hawkesbury (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
Gerald Brousseau, Timmins
Alex Christie, Toronto
Michael G. Doyle, Ottawa
John G. Dubien, Kapuskasing

Gloria J. Epstein, Toronto
Lloyd S.D. Fogler, Q.C., Toronto
Jean-Claude A. Gelin, Hawkesbury
Evelyn P. Goodman, Toronto
Marnie A. McGarry, London
Sidney S. Poon, Toronto
William S. Thomson, Downsview

Northern Ontario Development Corporation Board of Directors

Douglas J. Johnson, Kenora (Chairman)
Gerald Brousseau, Timmins (Vice-Chairman)
Sabina Adams, Sault Ste. Marie
Pierre L. Belanger, Sault Ste. Marie
Rodger Bowness, North Bay
Michael Brophy, Rutherglen

Roland A. Cloutier, Hearst
John G. Dubien, Kapuskasing
Patrick Gamble, Thunder Bay
A. Mills Paton, Thunder Bay
Edward Skinner, Sudbury
Robert Topp, Sault Ste. Marie

Eastern Ontario Development Corporation Board of Directors

Alex Siversky, Hawkesbury (Chairman)
C. Ian Ross, Toronto (Vice-Chairman)
Michael G. Doyle, Ottawa
Jean-Claude A. Gelin, Hawkesbury
John F. Guthrie, Belleville
Arnie Jackson, Carleton Place
William Kelly, Kingston

Robert Leach, Belleville
Antonio Mariani, Kanata
Professor Carol Ann McKeen, Kingston
Jean Rivard, Orleans
Wayne A. Robinson, Sharbot Lake
Gerald J. G. Tracey, Eganville
David R. Walling, Lindsay

Innovation Ontario Corporation Board of Directors

Donald M. Green, Toronto (Chairman)
Michael Brophy, Rutherglen
Herbert Wai-Kay Chang, Markham
Fernando Dias Costa, Toronto
Michael G. Doyle, Ottawa
Gordon D. Hume, London

Claudette MacKay-Lassonde, Toronto
Frank W. Maine, Guelph
Marnie A. McGarry, London
Gerhard E. Meinzer, Toronto
Phyllis A. Lipsett, Toronto

The Ontario Development Corporations

56 Wellesley Street West
Queen's Park
Toronto, Ontario
M7A 2E7
(416) 965-4622

The Ontario Development Corporation

Field Offices

119 King Street West
P.O. Box 2112
Hamilton, Ontario
L8N 3Z9
(416) 521-7785

Suite 507
Canada Trust Building
305 King Street West
Kitchener, Ontario
N2G 1B9
(519) 744-1991

Suite 607
195 Dufferin Avenue
London, Ontario
N6A 1K7
(519) 433-2871

Suite 480
5 Fairview Mall Drive
Willowdale, Ontario
M2J 2Z1
(416) 491-7996

Suite 1140
4 Robert Speck Parkway
Mississauga, Ontario
L4Z 1S1
(416) 279-9150

Innovation Ontario Corporation

56 Wellesley Street West
Queen's Park
Toronto, Ontario
M7A 2E7
(416) 941-9431

Northern Ontario Development Corporation

Field Offices

4th Floor
199 Larch Street
Sudbury, Ontario
P3E 5P9
(705) 675-4333

3rd Floor
435 James Street South
Thunder Bay, Ontario
P7C 5G6
(807) 475-5322

Suite 200
273 Third Avenue
Timmins, Ontario
P4N 1E2
(705) 264-1323

Eastern Ontario Development Corporation

Field Offices

Suite 308
1055 Princess Street
Kingston, Ontario
K7L 5T3
(613) 545-4445

Suite 404
56 Sparks Street
Ottawa, Ontario
K1P 5A9
(613) 566-3707

139 George Street North
Peterborough, Ontario
K9J 3G6
(705) 742-3490





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THE ONTARIO DEVELOPMENT CORPORATIONS



ANNUAL REPORT 1988/89

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Monte Kwinter
Minister of Industry, Trade and Technology

Len Pitura
Deputy Minister of Industry, Trade and Technology

Gordon Cowperthwaite
Chairman
Ontario Development Corporation

Roland A. Cloutier
Chairman
Northern Ontario Development Corporation

Jean-Claude A. G  linas
Chairman
Eastern Ontario Development Corporation

Donald M. Green
Chairman
Innovation Ontario Corporation

David C. MacKinnon
President and Chief Executive Officer
The Development Corporations of Ontario

Mailing Address:

The Development Corporations of Ontario
56 Wellesley Street West
Queen's Park, Toronto
Ontario, Canada
M7A 2E7



Minister's Message

It gives me great pleasure to introduce the Annual Report of Ontario's Development Corporations for the 1988 – 1989 fiscal year. This document contains an overview of the Corporations' activities during the past fiscal year, a financial review of the Corporations' operations as well as the combined financial statements for the Corporations as at March 31, 1989.

Today, the global economy is changing at an unprecedented rate. In response, Ontario's economy is facing a comparable transformation in order to maintain its competitiveness in this dynamic global marketplace. I am pleased to note that the Development Corporations are adapting themselves to the demands of this rapidly changing environment.

Three years ago, the Corporations embarked on a renewal of their mandate, organizational structure and

administrative procedures so that they might become more flexible in responding to the changing needs of Ontario's economy. While this renewal process is still underway, it is already showing tangible results through improved customer service and the more efficient management of the Corporations' loan and investment portfolio.

The Development Corporations are increasing their assistance to Ontario companies that are poised to compete on a global scale. This new focus will strengthen Ontario's economic base, and provide a greater return on the Ontario taxpayers' investment in the Corporations.

Following an extensive policy review by Cabinet, the Corporations' Boards of Directors have assumed greater responsibility for their on-going corporate operations. The Boards now

play a key role in the day-to-day management process, in addition to their direct role in overseeing the Corporations' financial assistance programs.

In the years ahead, the Development Corporations will certainly continue to build on their traditional client base among Ontario's small and medium-sized businesses. And with their new focus on our emerging, globally-competitive industries, they will play an increasingly important role in the development of all regions of this province.

*Monte Kwinter,
Minister of Industry,
Trade and Technology*

Report of the Boards of Directors

The Development Corporations are supervised by four Boards of Directors whose members are drawn from various regions of Ontario and represent a wide diversity of professional and business interests.

As well, the boards are structured with interlocking memberships to ensure continuity of policy and decision-making. Four representatives from the Northern Ontario Development Corporation (NODC) and four representatives from the Eastern Ontario Development Corporation (EODC) are also members of the Ontario Development Corporation (ODC) Board. In addition, Innovation Ontario Corporation (IOC) has one member from each of the ODC, EODC and NODC Boards.

ODC has 16 board positions, the NODC and EODC Boards each have 14, and the IOC Board has 15 positions.

The Boards' responsibilities fall into three categories. First, they decide on applications for financial assistance which fall between \$150,000 and \$350,000. In the case of Innovation Ontario, the limit is \$250,000.

Second, the Boards are responsible for proposing new policies and regulations to the Minister of Industry, Trade and Technology, who is responsible for the Corporations' activities.

Third, the Boards are now more directly responsible for the management of the Corporations and exercise greater supervisory control over their daily operations. This year, the Boards rewrote the by-laws which govern their proceedings to bring a more consistent and contemporary approach to Board and Corporation business.

As well, the Boards' joint Audit Committee has assumed a more central role in the management of the

Corporations' financial affairs through its review of annual and quarterly financial statements, close supervision of loan losses and its on-going review of the Corporations' financial arrangements.

Other milestones achieved by the Boards this year include the introduction of conflict of interest guidelines and a new committee to enhance delivery of the Corporations' services to Ontario's French-speaking residents.

As the Corporations are transformed into more efficient and effective financial institutions, the Boards will assume greater responsibility for policy and management issues relating to the Corporations' mandate as the Province of Ontario's primary economic development organizations.

Boards of Directors, 1988-89

Ontario Development Corporation

Peter G. White, Toronto, Chairman
(retired May 15, 1989)
Trent Gow, Toronto, Vice-Chairman
Pierre L. Bélanger, Earlton
(retired January 31, 1989)
Alex Christie, Toronto
(retired March 31, 1989)
Roland A. Cloutier, Hearst
Gordon Cowperthwaite, Toronto
Robin L. Devine, Toronto
Gloria J. Epstein, Toronto
Jean-Claude A. Gélinas, Hawkesbury
Evelyn P. Goodman, Toronto
Ivy Hooper, Toronto
Zdenek Jon Kvarda, Belleville
Lydia Maria Olah, North Bay
Sidney S. Poon, Toronto
Allan J. Ramsay, Keewatin
C. Ian Ross, Toronto
(retired March 31, 1989)

New ODC Appointments for 1989-90

Gordon Cowperthwaite, Toronto, Chairman
Rafique Dawood, Toronto
Roger Légaré, Ottawa
Walter Muroff, Windsor
Patricia Neilson, Stratton

Northern Ontario Development Corporation

Pierre Bélanger, Earlton, Chairman
(retired January 31, 1989)
A. Mills Paton, Thunder Bay, Vice-Chairman
(retired March 31, 1989)
Louise Cantin, Timmins
Roland A. Cloutier, Hearst
Patrick Gamble, Thunder Bay
Maurice Guertin, Kapuskasing
James D. Lanzo, Sudbury
Dawn D. Madahbee, Manitoulin Island
Patricia Neilson, Stratton
Lydia Maria Olah, North Bay
Allan J. Ramsay, Keewatin
Maurice M. Rochefort, North Bay
Susan E. Taylor, Sault Ste. Marie
Robert G. Topp, Sault Ste. Marie
(retired March 31, 1989)

New NODC Appointments for 1989-90

Roland A. Cloutier, Hearst, Chairman
Harry Braun, Thunder Bay
W. Barrie Brayford, New Liskeard
G. Nelson McKay, Sault Ste. Marie
Lydia Maria Olah, North Bay, Vice-Chairman

Eastern Ontario Development Corporation

C. Ian Ross, Toronto, Chairman
(retired March 31, 1989)
Jean-Claude A. Gélinas, Hawkesbury,
Vice-Chairman
Michael Doyle, Gloucester
Donald Grant, Ottawa
Ivy Hooper, Toronto
Zdenek Jon Kvarda, Belleville
Carol A. McKeen, Kingston
Jacqueline McLaughlin, Carleton Place
Wayne Robinson, Sharbot Lake
Gerald J.G. Tracey, Eganville
David R. Walling, Lindsay

New EODC Appointments for 1989-90

Jean-Claude A. Gélinas, Hawkesbury,
Chairman
David R. Walling, Lindsay, Vice-Chairman
Neil P. Burke, Cornwall
Norman J. Carroll, Pembroke
Roger Légaré, Ottawa
Ann Clarke-Okah, Ottawa

Innovation Ontario Corporation

Donald Green, Burlington, Chairman
Gerhard E. Meinzer, Schomberg,
Vice-Chairman
Herbert Chang, Toronto
Fernando Costa, Toronto
Michael Doyle, Gloucester
Hanny Assaf Hassan, London
Gordon Hume, London
Penny Lipsett, Toronto
Claudette MacKay-Lassonde, Toronto
(retired November 5, 1988)
Frank Maine, Guelph
Catherine Swift, Toronto
Christopher Trump, Toronto

New IOC Appointments, 1989-90

W. Barrie Brayford, New Liskeard
Rafique Dawood, Toronto
Bernard Kamin, Toronto
Monique Oaks, Ottawa

Report of the President and Chief Executive Officer

I am pleased to report that the past year has brought considerable progress in our program of corporate renewal.

As the Minister indicated in his introduction, Cabinet has approved a major review of the Corporations' mandate and policies. As a result, we have been implementing a new organizational structure and enhancing the Corporations' executive team. The Corporations' financial and operations management has been greatly strengthened with this new senior-level capability. In addition, staff are being redeployed to improve client services.

Our renewal program is by no means complete. Much remains to be done in such areas as staff training, procedural reform and structural change. However, we have been able to achieve numerous efficiencies which, taken together, form an impressive program of work completed. Today, the Corporations are quite different from the organization of three years ago.

I would like to express my appreciation to those individuals and groups who have supported the Corporations through this challenging time. Our staff, who have faced this challenge with confidence and professionalism – our Board members, who have supported us unfailingly – the senior management at the Ministry of Industry, Trade and Technology and the government's central agencies which have provided much-appreciated guidance and commitment – all are acknowledged for their contribution to our success thus far. With their help and support, we will continue to persevere in our revitalization program, and emerge as a stronger, more effective organization.

Last year, in our annual report, I gave a preliminary report on our contemplated changes. This year, I can report that at least half of them have been put in place. Next year, I hope to be able to report the completion of our renewal program. Only then will we be satisfied with our efforts.

David C. MacKinnon
President and Chief Executive Officer



The Ontario Development Corporations

The Government of Ontario encourages economic development and employment growth by providing selective financial assistance to business and industry through four Crown Corporations:

The Ontario Development Corporation (ODC)
(serving Central and Southwestern Ontario)

The Northern Ontario Development Corporation (NODC)

The Eastern Ontario Development Corporation (EODC)

Innovation Ontario Corporation (IOC)

ODC, NODC and EODC offer loans and loan guarantees to Ontario-based secondary manufacturing

industries, exporters, and tourist operators. By directing its economic development programs through these separate but coordinated agencies, the Ontario Government has the flexibility to respond to the unique characteristics and demands of the province's distinct economic regions.

IOC complements the role of the private venture capital sector by providing equity investment to early-stage technology-based businesses that will take them to a stage where they can attract adequate levels of private sector investment.

The Ontario Development Corporations together form the Ontario Government's major financial organization for business and industrial

development. A number of government ministries and agencies depend upon the Corporations to evaluate and deliver their economic development programs.

These include the NORFUND program (Northern Ontario Heritage Fund Corporation), The Book Publishing Guarantee Program (Culture and Communications), the Northern Native Small Business Development Program (Citizenship, Northern Development), and the Tourism Redevelopment Incentive Program, Destinations North and Destinations East (Tourism and Recreation). The Development Corporations also perform management and financial assessments of

projects qualifying under the Premier's Council Technology Fund, and act as agent for the Ministry of Financial Institutions by guaranteeing loans made by the Ontario Share and Deposit Insurance Corporation to credit unions and caisses populaires.

A complete summary of the activities administered by the Corporations is provided in Table 1 of the financial review (section 2).

The following table provides an overview of the total approved financial assistance made available to Ontario businesses by the Corporations during the 1988-89 fiscal year.

TOTAL APPROVED FINANCIAL SUPPORT

(April 1, 1988 to March 31, 1989)

BUSINESS	ODC		NODC		EODC		IOC		TOTAL	
	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)
Manufacturing	131	28,038	177	29,233	74	12,742			382	70,013
Trade	36	10,800			4	500			40	11,300
Tourism	14	2,613	60	6,664	45	4,712			119	13,989
Innovation							59	9,350	59	9,350
New Ventures	3,396	45,265	317	4,287	1,148	15,641			4,861	65,193
Total	3,577	86,716	554	40,184	1,271	33,595	59	9,350	5,461	169,845

Note: Figures represent gross amounts approved and do not take into consideration transactions rescinded during the year.

The Development Corporations and Manufacturing

Ontario's three regional development corporations (ODC, NODC, EODC) play a significant role in supporting the development of small manufacturing industries.

Secondary manufacturing industries and service industries closely allied with the manufacturing process are eligible for financial assistance. Financing is tailored to specific needs, and usually forms part of a total financial package designed to lever maximum participation from private sector lenders.

The Development Corporations' main financial instruments are term loans and loan guarantees for capital projects. These are usually offered to assist businesses with capital costs related to the establishment, expansion or upgrading of secondary manufacturing industries. Loan and guarantee maximums are \$500,000 and \$1 million respectively.

Incentives in the form of deferred repayment and/or interest free periods, may be offered on term loans when the project provides significant benefits to the Province and there is a demonstrated need for such an incentive. As well, incentives in the form of interest subsidies may be offered on loan guarantees in some circumstances.

In addition to providing direct financial assistance to manufacturers, the Northern Ontario Development Corporation acts as an implementing agent for the NORFUND program, which offers forgivable loans to Northern Ontario-based manufacturing and processing industries.

As of March 31, 1989, there were 1,029 active manufacturing industries in the Corporations' portfolio with financial commitments totalling \$278.4 million (see financial review, Table 1).

During the 1988-89 fiscal year, the Corporations' financial assistance to secondary manufacturing industries totalled \$70 million.

The following table provides an overview of the financial assistance approved for manufacturing industries during the 1988-89 fiscal year.

FINANCIAL ASSISTANCE APPROVED FOR MANUFACTURING

(April 1, 1988 to March 31, 1989)

	ODC		NODC		EODC		TOTAL	
	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)
Direct Loans								
Term	56	5,768	15	1,678	11	1,575	82	9,021
Incentive	47	7,555	26	7,196	57	8,728	130	23,479
Direct Guarantees								
Regular	19	9,615	2	300			21	9,915
Incentive	8	3,700	2	2,000	3	2,000	13	7,700
Agency								
Loans			130	8,189			130	8,189
Guarantees	1	1,400	1	9,700			2	11,100
Other								
Interest Subsidy			1	170	3	439	4	609
Total	131	28,038	177	29,233	74	12,742	382	70,013

Industrial Parks

In addition to its financial assistance programs, The Ontario Development Corporation owns and operates two industrial parks – Huron Industrial Park, located 40 kilometres north of London, near Exeter, and Northam Industrial Park, located in Cobourg, 110 kilometres east of Toronto on Highway 401. These parks contain over 93,000 square metres of manufacturing space in buildings ranging from 460 to 3,700 square metres. Both parks offer convenient access to major rail and highway routes. Huron Park contains its own airport with three paved runways.

During the 1988-89 fiscal year, the Industrial Parks' net income from rents, utility charges and interest totalled \$2.1 million.

The Development Corporations and Trade

The regional Development Corporations also support Ontario's export activities by providing financial assistance to small manufacturing companies and other exporters experiencing working capital financing problems when selling to foreign countries.

As part of the Development Corporations' renewal program, a greater emphasis will be placed on assisting small businesses that are export-oriented.

Through the Export Support Loan Program, companies may receive revolving lines of credit, to a maximum of \$1 million. Up to 90% of the invoice value of the shipments may be advanced, when satisfactory evidence that the goods have been shipped has been received.

As of March 31, 1989, the Corporations' portfolio consists of 117 active clients with outstanding lines of credit totalling \$25.8 million (see financial review, Table 1).

During the 1988-89 fiscal year, 40 loans were approved for a total of \$11.3 million. Because most of Ontario's exporters are located in Southern Ontario, ODC accounted for 90% of these loans for a total of \$10.8 million. The remaining four loans, totalling \$500,000, were approved by EODC.

The Development Corporations and Tourism

The regional Development Corporations actively support Ontario's tourism industry, which is an important generator of both employment and income in all regions of the Province, especially in those areas heavily dependent on non-renewable resource industries.

The Corporations provide loans and guarantees to assist with the establishment of new tourist facilities and the upgrading, winterizing and expansion of existing operations in areas where tourism is of major importance to the regional economy.

NODC and EODC also act as implementing agents for the Ministry of Tourism and Recreation's Destinations North and Destinations East incentive loan programs. These programs offer term loans which are interest-free with the principal repayment deferred for a maximum of three years.

As of March 31, 1989 there were 905 active loans and guarantees totalling \$138.3 million under administration by the Development Corporations (see financial review, Table 1). Over 75% of this activity was in Northern and Eastern Ontario.

During the 1988-89 fiscal year, tourism loans and guarantees with a value of \$13.9 million were approved.

The following table provides an overview of the financial assistance approved for tourist operators during the 1988-89 fiscal year.

FINANCIAL ASSISTANCE APPROVED FOR TOURISM

(April 1, 1988 to March 31, 1989)

LOAN TYPE	ODC		NODC		EODC		TOTAL	
	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)
Term Loans	8	713	35	2,745	9	907	52	4,365
Agency Term Loans	3	150	24	3,419	33	2,530	60	6,099
Agency Guarantees	3	1,750	1	500	3	1,275	7	3,525
Total	14	2,613	60	6,664	45	4,712	119	13,989

The Development Corporations and Technological Innovation

To foster the development of new technology-based companies and processes, Innovation Ontario Corporation provides start-up capital for new enterprises until they can attract private sector investment sufficient to ensure their sustained growth and profitability.

The Corporation offers shared risk, equity participation involving direct purchase of either equity or convertible securities and retains an ongoing interest in the operations of the firms in which it holds a financial position. Innovation Ontario's financial participation requires a divestment strategy that facilitates the transition to private sector financing while protecting the public's investment in the enterprise.

FINANCIAL ASSISTANCE FOR INNOVATION

(April 1, 1988 to March 31, 1989)

Technology	Equity Investments		Royalty Agreements		Total	
	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)
Engineering	9	1,725	7	285	16	2,010
Software	7	1,800	4	415	11	2,215
Medical	4	900	4	250	8	1,150
Consumer Products	1	150	4	275	5	425
Agricultural Technology	1	30			1	30
Resource Industries	1	250			1	250
Electronics	11	2,450	3	220	14	2,670
Other	3	600			3	600
Total	37	7,905	22	1,445	59	9,350

As at March 31, 1989, 107 investments had been made by Innovation Ontario totalling over \$15 million.

During the 1988-89 fiscal year, 59 investments were approved for a total

of \$9.3 million.

The above table provides an overview of the financial assistance approved by Innovation Ontario during the 1988-89 fiscal year.

The Development Corporations and Small Business Start-Ups

With the establishment of the New Ventures Program in 1986, the Development Corporations broadened their financial activities to include non-manufacturing and non-tourism related businesses, including wholesale, retail and service industries.

The program is specifically designed to encourage small business start-ups by providing guarantees on loans taken with participating private financial institutions. Loans of up to \$15,000 are available, provided matching equity is contributed by the borrower. In Northern and Eastern Ontario, the equity requirement is 50% of the amount of the loan.

New Ventures Loans may be used to establish any type of service or manufacturing oriented business. However, professionals – such as doctors, lawyers and dentists – are not eligible for a loan to establish a practice related to their profession.

New Ventures Loans bear a floating interest rate of prime plus one per cent or a fixed rate which can be negotiated between the borrower and the lender. Interest only is paid during the first year, with principal repayment beginning in the second year.

The New Ventures Program is delivered directly by the major chartered banks, the National Trust Company, some credit unions, Caisses-l'alliance and Caisses la Federation.

The Development Corporations' current portfolio contains 8,435 active New Ventures guarantees worth \$112.7

million.

From April 1, 1988 to March 31, 1989, 4,861 New Ventures Loans were approved representing guarantees totalling \$65.1 million.

The following table provides an overview of the New Ventures Loans approved for new business start-ups during the 1988-89 fiscal year.

NEW VENTURES LOANS

(April 1, 1988 to March 31, 1989)

Business Type	North		East		South		Total	
	NO.	(\$000's)	NO.	(\$000's)	NO.	(\$000's)	No.	(\$000's)
Retail	101	1,328	277	3,797	773	10,350	1,151	15,475
Food	36	508	141	2,019	348	4,928	525	7,455
Tourism	7	105	16	216	18	227	41	548
Manufacturing	15	208	68	977	299	4,125	382	5,310
Service	118	1,557	480	6,410	1,205	15,614	1,803	23,581
Construction	12	165	57	755	120	1,526	189	2,446
Wholesale/ Distributing	11	157	54	735	212	2,803	277	3,695
Other	17	259	55	732	421	5,692	493	6,683
Total	317	4,287	1,148	15,641	3,396	45,265	4,861	65,193



THE ONTARIO DEVELOPMENT CORPORATIONS

FINANCIAL REVIEW

Audited financial statements of each of The Development Corporations, as well as audited financial statements that combine the financial positions and results of operations of the Corporations, are tabled annually with the Legislature and are included in Volume 2 of the Province of Ontario Public Accounts. The combined financial statements for the year ended March 31, 1989, together with the report of the Provincial Auditor thereon, are included in this Annual Report at pages 16 through 23.

This financial review has two distinct components. The first section, "Activities Administered By The Development Corporations", provides an overview of the variety of

activities administered by the corporations. The dollar amounts for some of these activities are included in the combined balance sheet on pages 16 and 17, while other amounts are reported in notes to the combined financial statements. The subsequent sections of this financial review provide analyses and commentary on the cost of financial assistance programs, cash flows, and the Province's accumulated net investment in The Development Corporations. Information in this latter part of the review, except for cash flow information, is drawn primarily from information contained in the audited combined financial statements and related footnotes.

Activities Administered by the Development Corporations

The Development Corporations manage a wide variety of activities, including activities managed on behalf of other ministries and agencies of the Province of Ontario. Table 1 summarizes the activities administered by The Development Corporations at March 31, 1989, other than industrial park opera-

tions (Note 9 to the combined financial statements provides information on the industrial parks). The Table includes loans, debentures and equity investments that are included in the combined balance sheet. Also included, because they are administered by The Development Corporations, are guarantees,

grants, loans, and equity investments that were made by other ministries and agencies. Under traditional financial accounting concepts these additional activities cannot be included in the combined balance sheet. In management's opinion, the total activities of \$892.2 million (1988 – \$740.6

million) included in Table 1, in contrast to the total loans and investments of \$285.1 million (1988 – \$283.1 million) reported in the annual combined balance sheet, represents a more complete measure of the activities for which The Development Corporations are accountable.

Table 1.
Activities Administered by the Development Corporations as at March 31, 1989

	Loans and Debentures		Loans Guaranteed		Equity Investments and Royalty Interests		Repayable Grants/ Conditional Loans		Total 1989	Total 1988
	Number	(\$000's)	Number	(\$000's)	Number	(\$000's)	Number	(\$000's)	(\$000's)	(\$000's)
Business Sector/Program										
Manufacturing	827	97,708	106	50,895	1	16,900	95	112,940	278,443	338,942
High Technology					124	27,742			27,742	20,837
Export	117	25,835							25,835	30,618
Tourism	589	58,057	273	75,430			43	4,830	138,317	128,532
Special Agency Programs:										
MITT	180	220,801							220,801	135,669
New Ventures			8,435	112,676					112,676	60,184
Credit Unions (deposit insurance)			1	64,560					64,560	
Other	219	8,705					374	15,131	23,836	25,788
Total Outstanding at March 31, 1989	1,932	411,106	8,815	303,561	125	44,642	512	132,901	892,210	740,570
Corporation										
Ontario Development Corporation (excluding Special Agency Programs)	769	82,686	194	59,235	22	34,205	51	116,980	293,106	366,937
Northern Ontario Development Corporation	522	61,819	89	40,176			413	14,229	116,224	99,118
Eastern Ontario Development Corporation	457	45,362	96	26,914			48	1,692	73,968	72,806
Innovation Ontario Corporation	4	438			103	10,437			10,875	5,856
Ontario Development Corporation (Special Agency Programs)	180	220,801	8,436	177,236					398,037	195,853
Total Outstanding as at March 31, 1989	1,932	411,106	8,815	303,561	125	44,642	512	132,901	892,210	
Total Outstanding as at March 31, 1988	2,204	335,163	4,830	194,719	88	35,657	422	175,031		740,570
Commitments at March 31, 1989	396	63,800	1,200	58,190	8	4,675			129,725	

The total activity amounts in Table 1 differ from amounts reported in the combined balance sheet as follows:

As at March 31	1989 (\$000's)	1988 (\$000's)
Loans and investments per combined balance sheet		
Loans receivable	247,281	252,488
Investments	10,875	5,856
Investments in and advances to subsidiaries	22,491	24,721
Other investments	4,411	1
Total loans and investments per combined balance sheet	285,058	283,066
Other activities administered		
Loans of other ministries and agencies	162,608	81,857
Loans guaranteed*	303,561	194,719
Repayable grants/conditional loans	132,901	175,031
Investment in Varsity Corporation	16,900	14,820
Assets of non-consolidated subsidiaries other than investments and loans	(8,818)	(8,923)
Total other activities administered	607,152	457,504
Total activities per Table 1	892,210	740,570

*Under certain guarantee programs, The Development Corporations guarantee only a portion of outstanding loans. Guaranteed loans disclosed above and in Table 1 represent the total loans outstanding, which exceed The Development Corporation's contingent liability under guarantees by \$70.6 million (1988 – \$38.3 million).

Loans and Debentures

The Development Corporations provide loan and debenture financing to qualified businesses in Ontario to foster economic development and job creation. The financings are intended to provide assistance to the recipient and thus often contain an interest-free or deferred-interest period, or may be at below market interest rates.

As at March 31, 1989, \$31.8 million of all loans and debentures administered by The Development Corporations were classified as in arrears, primarily because interest or principal payments were past due by more than 90 days. Under the accounting policies followed, The Development Corporations do not make provisions for loan losses in advance of writedowns to net realizable value because all writedowns are recovered from the Province. Writedowns in the following analysis include \$13.6 million shown on the combined statement of operations and also \$1.5 million on loans administered for other ministries and agencies that are not recorded in the combined balance sheet.

Table 2. Changes in Loan Arrears

Year Ended March 31	1989 (\$000's)
Loans in arrears, beginning of year	29,528
Net additions	15,124
Interest accrued on non-current loans, less payments received	2,264
Writedowns	(15,106)
Loans in arrears, end of year	31,810

Guarantees

The Development Corporations guarantee the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. The Development Corporations also administer certain loan guarantee programs established by the Province of Ontario. No guarantee fees are charged to the borrowers or the Province.

Total loans guaranteed consist of loans guaranteed directly by The Development Corporations of \$143.6 million (1988 – \$91.4 million) and loans guaranteed on behalf of other Provincial agencies of \$160.0 million (1988 – \$103.3 million). The largest guarantee program of The Development Corpora-

tions is the New Ventures Program, which provides guarantees of loans to new small businesses.

During 1989, \$6.2 million in guarantee interest subsidies (1988 – \$4.8 million) were paid with respect to loans to businesses from the private sector that were guaranteed by The Development Corporations. Included in this amount are location grants of \$2 million (1988 – \$1 million), which are one-time payments equal to the present value of the interest subsidy that would otherwise be granted. At March 31, 1989, The Development Corporations' commitment to provide guarantee interest subsidies in fiscal 1990 was estimated to be \$5.7 million.

Equity Investments and Royalty Interests

Equity investments are made primarily through Innovation Ontario Corporation and the three non-consolidated subsidiaries of ODC. The following schedule also includes common and preferred shares of Varsity Corporation, which are managed by ODC on behalf of the Province of Ontario.

Royalty interests are received by Innovation Ontario Corporation in return for funding research and development projects. Due to the inherent uncertainty of whether the projects will result in a commercial product or process, the royalty interests are not recorded in the combined balance sheet.

**Table 3.
Investment Portfolio**

As at March 31	1989		1988	
	Number of Investees	(\$000's)	Number of Investees	(000's)
Varsity Corporation	1	16,900	1	14,820
Other Preferred Shares	14	5,283	14	7,004
Other Common Shares	68	22,459	43	13,832
Royalty Interests	48	—	30	1
Total	131	44,642	88	35,657

Investments included in Table 3 are shown at cost or written down cost except for the Varsity shares, which are shown at March 31 quoted market prices for common shares and management's estimate of fair market value for preferred shares. The number of investees shown above is greater than the total in Table 1 because of preferred and common share

Repayable Grants and Conditional Loans

The Development Corporations administer repayable grants and conditional loans made by other ministries and agencies to qualified candidates under various incentive programs. If the criteria specified in the particular program are met by the recipient, the grant or loan is not required to be repaid. The Development Corporations monitor these programs on behalf of the granting agency to ensure that the criteria for forgiveness are met or, if not, that the funds are repaid as required.

**Table 4.
Change in Repayable Grants and Conditional Loans**

Balance, beginning of year	\$175,031
Grants/loans made	18,464
Interest earned	1,011
Grants transferred to loans	(54,409)
Grants/loans forgiven	(5,244)
Grants/loans repaid	(1,951)
Balance, end of year	\$132,902

Table 5. Cost of Financial Assistance Activities

Year ended March 31	1989 (\$000's)	1988 (\$000's)
REVENUE		
Interest on loans and debentures	17,689	19,776
Interest on short-term deposits	4,508	3,036
Net income from industrial parks	2,130	1,672
Gain on sale of investments	155	—
Other income	48	49
	24,530	24,533
EXPENSES		
Interest on Provincial advances	12,248	13,315
Interest earned on other agency loans to be paid to Province	4,718	—
Credit and investment losses		
Loans	13,610	26,161
Investments	1,352	450
Guarantees	10,911	7,117
Interest subsidy payments	6,241	4,765
Research and development projects and related programs	1,821	1,006
Loss from non-consolidated subsidiaries	2,230	3,047
	53,131	55,861
Net cost of financial assistance activities	28,601	31,328

Cost of Financial Assistance Activities

Table 5 analyzes The Development Corporations' revenues and expenses before administration costs and recoveries from the Province of Ontario. By excluding recoveries from the Province, Table 5 highlights the cost of The Development Corporations' lending and investing transactions.

Interest on loans and debentures declined by ap-

proximately \$2.1 million in fiscal 1989 primarily because of loan writeoffs and because of the growing number of interest free loans outstanding. Commencing April 1, 1988, The Development Corporations return to Treasury all interest earned on agency loans, which resulted in a \$4.7 million expense in 1989.

Loan losses in 1989 were

almost 50% lower than 1988. Losses in 1988 were abnormally high due to the adoption of a new writeoff policy which is more consistent with commercial practices. Investment losses rose in 1989, during Innovation Ontario's second full year of operations, principally because of the larger number of investments outstanding.

Losses resulting from guarantee programs increased by about \$3.8 million, largely as a result of the New Ventures Program, which provides loan guarantees to new small businesses. Interest subsidy payments were higher in 1989 due to an increase in subsidies on tourism loans guaranteed by The Development Corporations.

Cash Flows

Table 6 analyzes the significant sources and uses of cash for the past year

Table 6. Analysis of Cash Flows

Year ended March 31	1989 (\$000's)
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES	
Loan disbursements, net of collections	(5,392)
Interest collected from borrowers	16,391
Disbursements for equity investments	(11,170)
Proceeds on sale of investments	544
Disbursements for guarantees honoured and guarantee interest subsidies	(17,152)
Research and development projects	(1,821)
Cash outflow for lending and investing activities	(18,600)
FINANCING ACTIVITIES	
Interest paid on Provincial advances	(10,186)
Net repayment of advances	(15,051)
Cash contributions from the Province for:	
Equity investments and research and development projects	14,055
Lending activities and administration	37,133
Dividends paid	(10,000)
Net receipts from (payments to) Province for:	
Other agency loans under administration	6,550
Recoveries from borrowers of loan writeoffs and guarantees honoured	(620)
Other	(37)
Cash inflow from financing activities	21,844
OPERATING ACTIVITIES	
Operating cash flow from industrial parks	3,621
Interest received on short-term deposits	4,274
Administration costs	(13,349)
Fixed asset additions	(1,172)
Other	26
Cash outflow for operating activities	(6,600)
Decrease in cash and short-term deposits	(3,356)
Cash and short-term deposits, beginning of year	57,098
Cash and short-term deposits, end of year	53,742

Table 6 provides information about lending and investing, financing, and operating cash flows that is not readily apparent from traditional balance sheets and statements of operations. An analysis of cash flows provides useful information about The Development Corporations' liquidity, financial flexibility and ability to generate cash to repay Provincial advances or to make other distributions to the Province.

Revenues, expenses, and changes in assets and liabilities, measured in accordance with established accounting policies, are frequently not accompanied by cash flows; the related cash flows either occurred in earlier periods or are expected to occur in future periods. For example, loan losses (\$13.2 million in 1989) do not result in a cash outflow at the date a writedown occurs; cash outflows on lending activity occur in earlier periods when funds are disbursed to borrowers. Similarly, interest income as reported in the statement of operations generally will differ from the amount of cash actually collected during a period because of interest accruals.

Table 6 shows that The Development Corporations' largest net outflow for lending, investing and financial assistance activities related to new equity investments, guarantees honoured and guarantee interest subsidies (approximately \$28 million in the aggregate). Disbursements for new loans, net of principal collections on existing loans, were considerably smaller at \$5.4 million.

Total cash received from the Province was \$21.8 million. About \$6.0 million of that amount, however, was caused by net cash receipts on activities administered for other ministries and agencies, which resulted largely from 1989 reimbursements for activities funded by The Development Corporations in late fiscal 1988.

The March 31, 1989 cash balance remains substantial but was reduced subsequent to the year end by the payment of \$15.0 million of dividends that were declared in fiscal 1989 and by the return to the Province of over \$4.0 million of interest received on other agency loans.

Funding From the Province of Ontario

The Province of Ontario's accumulated net investment in The Development Corporations takes many forms. In addition to the investment in ODC share capital, the Province contributes funds to finance equity investments and research and development projects, advances funds to finance certain loan programs, and reimburses The Development Corporations for administration costs, most credit and investment losses, and other operating costs.

Table 7 summarizes the cumulative investment of the Province as at March 31,

1989 and 1988. Table 8 analyzes the changes in the Province's investment for 1989. The amounts in these tables are derived solely from information in the combined balance sheet and do not include Provincial advances related to other agency loans. Operating contributions in Tables 7 and 8 represent accumulated Provincial contributions for operating costs and advances forgiven, less the net cost of financial assistance activities [Table 5], administration costs, and dividends declared.

Table 7. Investment by the Province of Ontario

As at March 31	1989 (\$000's)	1988 (\$000's)
Share capital of Ontario Development Corporation	7,000	7,000
Advances		
Interest bearing	97,507	107,424
Non-interest bearing	81,509	94,816
Capital contributions	48,422	36,137
Operating contributions	79,453	98,202
	313,891	343,579

Table 8. Change in Investment by the Province of Ontario

Year ended March 31, 1989	ODC share capital (\$000's)	Capital contributions (\$000's)	Advances (\$000's)	Operating contributions (\$000's)
Balance, beginning of year	7,000	36,137	202,240	98,202
Contributions to fund				
Innovation Ontario investments		6,760		
Research and development projects		1,115		
Other investments		4,410		
Administration and program costs				36,375
Interest on advances			12,248	
Forgiveness of advances related to loans written off			(11,826)	11,826
Repayment of advances and interest, net of new advances			(23,646)	
Net cost of financial assistance activities [Table 5]				(28,601)
Administration costs				(13,349)
Dividend declared				(25,000)
Net change during the year	—	12,285	(23,224)	(18,749)
Balance, end of year	7,000	48,422	179,016	79,453

Repayments, together with forgiveness of advances related to written down loans, led to a net decrease in the liability for advances from the Province. In addition to repaying advances as principal was collected on loans to customers, The Development Corporations also returned \$20 million of other

advances in 1989.

The major cause of the 1989 reduction in accumulated operating contributions was the \$25 million dividend declared in fiscal 1989 of which \$10 million was paid to the Province before March 31, 1989 and the balance in April 1989.



THE DEVELOPMENT CORPORATIONS

COMBINED FINANCIAL STATEMENTS

as at March 31, 1989

The combined financial statements contained in this annual report have been prepared by management in accordance with the accounting policies outlined in Note 1 to the combined financial statements. The integrity and objectivity of the data in these financial statements are management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, management maintains a system of internal control to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board which is composed of directors who are not employees of the Corporation. The Audit Committee meets regularly with management and the Provincial Auditor.

The Provincial Auditor conducts an independent examination, in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. His examination includes a review and evaluation of the Corporations' systems of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The Provincial Auditor has full and free access to the Audit Committee of the Board and meets with it on a regular basis.

Fausto Saponara
Chief Financial Officer
David C. MacKinnon
President & Chief
Executive Officer

*To the Ontario Development
Corporation,
Northern Ontario
Development Corporation,
Eastern Ontario
Development Corporation,
Innovation Ontario
Corporation,
and to the Minister of
Industry, Trade and
Technology.*

I have examined the combined balance sheet of The Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation, Eastern Ontario Development Corporation and Innovation Ontario Corporation as at March 31, 1989 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of The Development Corporations as at March 31, 1989 and the results of their operations for the year then ended in accordance with the accounting policies described in note 1 to the combined financial statements applied on a basis consistent with that of the preceding year.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.
Toronto, Ontario,
June 23, 1989.

THE ONTARIO DEVELOPMENT CORPORATIONS

Assets

	1989 (\$000's)	1988 (\$000's)
Cash and short-term deposits	53,742	57,098
Accounts receivable		
– Province	–	6,192
– Other	602	481
Loans receivable (note 2)	247,281	252,488
Investments (note 3)	10,875	5,856
Investments in and advances to subsidiaries (note 4)	22,491	24,721
Other investments (note 5)	4,411	1
Fixed assets (note 6)	4,088	4,249
Other assets (note 7)	595	618
	344,085	351,704

THE ONTARIO DEVELOPMENT CORPORATIONS

Liabilities

	1989 (\$000's)	1988 (\$000's)
Accounts payable		
– Province	5,356	–
– Other	174	174
Dividends payable	15,000	–
Advances from the Province		
– interest bearing	97,507	107,424
– non-interest bearing	81,509	94,816
Deferred revenue	9,664	7,951
	209,210	210,365

Shareholder's Equity

	1989 (\$000's)	1988 (\$000's)
Share capital – authorized and issued		
7,000 shares with a par value of \$1,000 each	7,000	7,000
Contributed capital (note 8)	48,422	36,137
Retained earnings	79,453	98,202
	134,875	141,339
	344,085	351,704

See accompanying notes to combined financial statements.

Gordon H. Cowperthwaite
Chairman

Roland A. Cloutier
Chairman

Jean-Claude A. Gélinas
Chairman

Donald M. Green
Chairman

THE ONTARIO DEVELOPMENT CORPORATIONS

Combined Statement of Operations

for the year ended March 31, 1989

	1989 (\$000's)	1988 (\$000's)
Revenue		
Interest		
– Term loans	12,971	15,860
– Agency loans	4,718	3,925
– Bank	4,508	3,027
Net income from industrial parks (note 9)	2,130	1,672
Rental income	48	49
Gain on sale of investments	155	–
	24,530	24,533
Expense		
Interest on advances	12,248	13,315
Loans written off		
– Term	12,994	21,603
– Agency	616	4,558
Guarantees honoured	10,911	7,117
Guarantee interest subsidy	6,241	4,765
Research and development projects and other programs (note 10)	1,821	1,006
Administration (note 11)	13,349	12,605
Loss on investments	1,352	450
	59,532	65,419
Loss before the following	35,002	40,886
Net loss from subsidiary operations (note 4)	2,230	3,047
Interest on Agency loans returned to the Province (note 12)	4,718	–
Recoveries from the Province (note 13)	48,201	53,763
Net income for the year	6,251	9,830

Combined Statement of Retained Earnings

for the year ended March 31, 1989

	1989 (\$000's)	1988 (\$000's)
Balance, beginning of year	98,202	88,372
Net income for the year	6,251	9,830
Dividends to the Province	(25,000)	–
Balance, end of year	79,453	98,202

NOTES TO COMBINED FINANCIAL STATEMENTS

2010-11

1. SIGNIFICANT ACCOUNTING POLICIES

a. General

These combined financial statements include the accounts of Ontario Development Corporation ("ODC"), Northern Ontario Development Corporation ("NODC"), Eastern Ontario Development Corporation ("EODC") and Innovation Ontario Corporation ("IOC").

The operations of the three wholly-owned subsidiaries of ODC (IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc.) have not been consolidated because it is the intention of ODC to dispose of the investments held by each of these subsidiaries in an orderly manner. The investments in and advances to and from these subsidiaries are accounted for using the equity method and are therefore recorded at an amount equal to the net book value of the subsidiaries.

b. Loans receivable

Loans are disbursed by ODC, NODC and EODC under the Development Corporations Act.

Under the Act, the Corporations are authorized to act as agents for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

c. Loans written off

The write-off of loans receivable is recovered from the Province by corresponding reductions in advances from the Province. Consequently, no provision is made for doubtful loans not yet written off.

d. Guarantees honoured

The honouring of guarantees is funded by the Province and, therefore, no provision is made on guarantees.

e. Recoveries of loans written off and guarantees honoured

Any amounts recovered on loans previously written off and guarantees previously honoured are paid directly to the Province and are not reflected in the Combined Statement of Operations.

f. Revenue

Interest revenue is recognized as income using the accrual basis of accounting except in the case of agency loans where the receipt of interest is deferred for one year or more. For these loans, revenue is recognized as income on receipt.

g. Deferred revenue

Interest accrued on loans for which repayment has been deferred (note 1 (f)) is recorded as deferred revenue until such time as interest is actually received.

h. Investments

Investments of IOC are recorded at cost less a provision for loss to

reflect a permanent impairment in the value of the investment portfolio. The provision is determined by management based upon their best estimates from the most current information available to them. Due to the nature of the investments, there is no quoted market value and the carrying value may not be equal to the realizable value.

i. Research and development projects

Research and development projects are charged to operations.

j. Fixed assets

Equipment purchases are charged to expense in the year of acquisition, except for the Industrial Parks operations, for which all such amounts are capitalized. Depreciation of these fixed assets is provided for on a straight-line basis, using rates of 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment. Buildings acquired as a result of loan defaults by borrowers (note 7) are capitalized and are depreciated on a straight-line basis at the rate of 5 per cent per annum.

k. Administration expenses

These expenses are reflected on a cash basis which is modified to allow an additional thirty days to pay for debts incurred during the fiscal year just ended.

2. LOANS RECEIVABLE

	1989 (\$000's)	1988 (\$000's)
Term	159,587	171,937
Agency	87,694	80,551
	247,281	252,488

Agency loans represent loans approved and funded through programs of other provincial ministries and agencies, but the agreements are signed and administered on their behalf by ODC. Included in Agency loans is a loan of \$24.1 million (1988 – \$22.3 million), including accrued interest of \$9.1

million (1988 – \$7.3 million), to Nova Corporation and John Labatt Limited for the construction of research facilities for Allelix Inc. (note 5). The borrowers may transfer title of these facilities to ODC in lieu of the repayment of the principal and interest due on March 31, 1992.

3. INVESTMENTS

These investments represent equity and debt investments made by IOC in technology-based industries in Ontario.

A provision of \$1,115,000 (1988 –

\$450,000) which, in management's opinion, is necessary to reflect a permanent impairment in the value of the investment portfolio.

4. INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES

The results of operations of subsidiaries are summarized as follows:

	1989 (\$000's)	1988 (\$000's)
Operating expenses of subsidiaries	468	527
Research and development projects and other program expenditures funded	284	856
Provision for loss	2,017	2,150
Gain on sale of investments	(500)	(59)
Interest and royalty income	(39)	(342)
Other income	–	(85)
Net losses reported by subsidiaries	2,230	3,047

The net book values of the subsidiaries at March 31, 1989 are as follows:

	Equity (\$000's)	Advances (\$000's)	Total (\$000's)
IDEA Innovation Fund Inc.	(8,388)	19,382	10,994
IDEA Research Investment Fund Inc.	(8,987)	16,460	7,473
IDEA Information Technology Fund Inc.	4,987	(963)	4,024
	(12,388)	34,879	22,491

5. OTHER INVESTMENTS

	Shares	At Cost (\$000's)
Allelix Inc.	50 Common	–
	25,000 Class A	–
	460,000 Class B	460
ADI Diagnostics Inc.	310,000 Common	3,100
160596 Canada Inc.	168,671 Common A	1
	85,000 Common B	850
		4,411

During the year, as part of a restructuring of Allelix Inc., separate corporate entities were established for the agriculture (160596 Canada Inc.) and diagnostics (ADI Diagnostics Inc.) divisions. ODC exchanged 150 Common and 75,000 Class A Preferred

shares in Allelix Inc. for 168,671 Common A shares in 160596 Canada Inc.

In addition, ODC has made further equity investments of \$4.4 million in the three companies.

6. FIXED ASSETS

Fixed assets relate primarily to the Industrial Parks and are stated at acquisition cost, less accumulated depreciation as follows:

	1989		1988	
	Cost (\$000's)	Accumulated Depreciation (\$000's)	Net (\$000's)	Net (\$000's)
Land	341	—	341	341
Sheridan Park land	233	—	233	230
Buildings and improvements	14,987	11,739	3,248	3,380
Equipment	1,236	970	266	298
	16,797	12,709	4,088	4,249

7. OTHER ASSETS

Other assets consist of the following assets obtained as a result of loan defaults by borrowers:

	1989 (\$000's)	1988 (\$000's)
Investment in shares, at cost	250	250
Land and buildings, at 1977 appraised value plus subsequent additions at cost, less accumulated depreciation of \$75,000 (1988 – \$69,500).	56	62
Net investment in lease	289	306
	595	618

8. CONTRIBUTED CAPITAL

Details of transactions related to contributed capital from the Province are as follows:

	ODC and Subsidiaries (\$000's)	IOC (\$000's)	Total (\$000's)
Balance, beginning of year	28,606	7,531	36,137
Transfer payments received from the Province to fund:			
– Equity and debt investments	4,410	6,760	11,170
– Research and development projects	—	1,115	1,115
Balance, end of year	33,016	15,406	48,422

9. INDUSTRIAL PARKS OPERATIONS

	1989 (\$000's)	1988 (\$000's)
Revenues from rent, utility charges and interest	5,283	4,734
Less: operating expenses	(1,821)	(1,879)
depreciation	(1,332)	(1,183)
Net income	2,130	1,672

10. RESEARCH AND DEVELOPMENT PROJECTS AND OTHER PROGRAMS

In return for funding research and development projects, IOC obtains the rights to receive royalties from sales derived from the commercialization of any technology arising therefrom. For other programs, IOC will receive either the right of first refusal to commercialize any technology produced or the right to information relating to the technologies.

11. ADMINISTRATION

The cost of administration is funded by the Province through the Ministry of Industry, Trade and Technology. Details are as follows:

	1989 (\$000's)	1988 (\$000's)
Salaries and staff benefits	8,148	7,692
Transportation and communication	1,014	960
Services	2,380	2,680
Supplies and equipment	1,623	1,111
	13,165	12,443
Other expenses	184	162
	13,349	12,605

The Corporations provide pension benefits for substantially all their permanent staff through participation in the Public Service Superannuation Fund and Superannuation Adjustment Fund established by the Province of Ontario. The Corporations' share of contributions to these Funds during the year was

\$425,700 (1988 – \$411,000). This amount represents the total obligation of the Corporations and is included in staff benefits.

The Corporations had forty-six Members of the Board of Directors on March 31, 1989. Their remuneration for the year amounted to \$168,400 (1988 – \$123,500).

12. INTEREST ON AGENCY LOANS RETURNED TO THE PROVINCE

Effective April 1, 1988 interest earned on Agency loans is being returned to the Province.

13. REIMBURSEMENTS FROM THE PROVINCE

The Province reimburses the Corporations for interest expense where the cost of funds exceeds interest charged on a loan, for administration expenses (note 11), for loans written off, for guarantees honoured and for guarantee interest subsidy.

14. CONTINGENT LIABILITIES

- As at March 31, 1989 contingent liabilities arising from guarantees of bank loans and other guarantees amounted to \$236.1 million (1988 – \$156.4 million).
- A legal action claiming damages of \$4 million plus interest, that had been instituted

against the Corporations and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited was dismissed by the Court. However, the plaintiff has appealed the dismissal.

15. COMMITMENTS

Funds committed but not disbursed as at March 31, 1989 amounted to:

	1989 (\$000's)	1988 (\$000's)
Loans	63,800	73,900
Investments	4,375	945
Research and development projects and other programs	549	574
	68,724	75,419

16. OTHER ACTIVITIES ADMINISTERED ON BEHALF OF THE PROVINCE

The Corporations administer, on behalf of the Province, certain loans, repayable grants and investments that are either signed by other ministries or are transfer payments received

from the Province which have been disbursed as conditional loans. These activities are not reflected in the combined financial statements. Details are as follows:

Loans and repayable grants	1989 (\$000's)	1988 (\$000's)
Balance, beginning of year	226,719	101,602
Add: disbursements	52,845	128,787
interest earned	1,500	370
deferred revenue	—	2,137
Less: repayments	(8,461)	(282)
forgiveness	(6,029)	(5,895)
written off	(1,570)	—
Balance, end of year	265,004	226,719

Investments

In 1982 the Province paid \$75 million in exchange for preferred shares of Massey Ferguson Ltd. In 1986 ODC, acting as agent for the Province, entered into agreements and acquired, as part of a restructuring of Massey Ferguson Ltd., the following equity interests in exchange for the preferred shares:

Varity Corporation (formerly Massey Ferguson Ltd.) – 750,000 Class II, Series A preferred shares (no quoted market value)

with option to convert these shares into 2.5 million common shares

Varity Corporation – 2.7 million common shares (market value at March 31, 1989 – \$3.25/share)

Massey Combines Corporation – 2.25 million preferred shares (now in receivership)

Varity Corporation – 4.8 million warrants which were sold in 1988 for \$2.1 million.

17. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the 1989 presentation.

THE DEVELOPMENT CORPORATIONS OF ONTARIO

Head Office:
Fifth Floor
56 Wellesley Street West
Queen's Park
TORONTO, Ontario
M7A 2E7
(416) 326-1070
Fax: (416) 326-1073

Innovation Ontario Corporation
Seventh Floor
56 Wellesley Street West
Queen's Park
TORONTO, Ontario
M7A 2E7
(416) 963-5717
Fax: (416) 963-2088

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965-1579
All other areas call –
1-800-387-0070

Ontario Development Corporation
Suite 200
Bank of Montreal Tower
1 James Street North
HAMILTON, Ontario
L8R 2K3
(416) 521-7785
Fax: (416) 521-7398
30 Duke Street West
KITCHENER, Ontario
N2H 3W5
(519) 744-1991
Fax: (519) 744-6204
Suite 607
195 Dufferin Avenue
LONDON, Ontario
N6A 1K7
(519) 433-2871
Fax: (519) 433-6765
Suite 1140
4 Robert Speck Parkway
MISSISSAUGA, Ontario
L4Z 1S1
(416) 279-9150
Fax: (416) 279-9160
Suite 480
5 Fairview Mall Drive
WILLOWDALE, Ontario
M2J 2Z1
(416) 491-7996
Fax: (416) 491-3650

**Northern Ontario
Development Corporation**
227 Second Street South
KENORA, Ontario
P9N 1G1
(807) 468-3758
Fax: (807) 468-8652
Second Floor
500 Bay Street
SAULT STE. MARIE, Ontario
P6A 1X4
(705) 945-8300
Fax: (705) 942-2823
Fourth Floor
199 Larch Street
SUDBURY, Ontario
P3E 5P9
(705) 675-4333
Fax: (705) 674-5179
435 James Street South
THUNDER BAY, Ontario
P7C 5G6
(807) 475-5322
Fax: (807) 475-7892
273 Third Avenue
TIMMINS, Ontario
P4N 1E2
(705) 264-1323
Fax: (705) 264-5927

**Eastern Ontario
Development Corporation**
Suite 308
1055 Princess Street
KINGSTON, Ontario
K7L 5T3
(613) 545-4445
Fax: (613) 545-4439
Suite 404
56 Sparks Street
OTTAWA, Ontario
(613) 566-3707
Fax: (613) 563-2859
400A Pembroke Street East
PEMBROKE, Ontario
K8A 3K8
(613) 735-2306
Fax: (613) 735-2873
139 George Street North
PETERBOROUGH, Ontario
K9J 3G6
(705) 742-3490
Fax: (705) 742-3272

Société de développement de l'Ontario

Bureau 200

Tour de la Banque de Montréal

1, rue James Nord

HAMILTON (Ontario)

L8R 2K3

Télécopieur : (416) 521-7785

Télécopieur : (416) 521-7398

30, rue Duke Ouest

KITCHENER (Ontario)

N2H 3W5

(519) 744-1991

Télécopieur : (519) 744-6204

Bureau 607

195, avenue Dufferin

LONDON (Ontario)

N6A 1K7

(519) 433-2871

Télécopieur : (519) 433-6765

Bureau 1140

4, prom. Robert Speck

MISSISSAUGA (Ontario)

L4Z 1S1

(416) 279-9150

Télécopieur : (416) 279-9160

Bureau 480

5, prom. Fairview Mall

WILLOWDALE (Ontario)

M2J 2Z1

(416) 491-7996

Télécopieur : (416) 491-3650

Société de développement

du nord de l'Ontario

227, 2^e Rue Sud

KENORA (Ontario)

P9N 1G1

(807) 468-3758

Télécopieur : (807) 468-8652

2^e étage

500, rue Bay

SAULT-SAINT-MAIRIE (Ontario)

P6A 1X4

(705) 945-8300

Télécopieur : (705) 942-2823

4^e étage

199, rue Larch

SUDBURY (Ontario)

P3E 5P9

(705) 675-4333

Télécopieur : (705) 674-5179

435, rue James Sud

THUNDER BAY (Ontario)

P7C 5G6

(807) 475-5322

Télécopieur : (807) 475-7892

273, 3^e Avenue

TIMMINS (Ontario)

P4N 1E2

(705) 264-1323

Télécopieur : (705) 264-5927

Société de développement

de l'est de l'Ontario

Bureau 308

1055, rue Princess

KINGSTON (Ontario)

K7L 5T3

(613) 545-4445

Télécopieur : (613) 545-4439

Bureau 404

56, rue Sparks

OTTAWA (Ontario)

(613) 566-3707

Télécopieur : (613) 563-2859

400A, rue Pembroke Est

PEMBROKE (Ontario)

K8A 3K8

(613) 735-2306

Télécopieur : (613) 735-2873

139, rue George Nord

PETERBOROUGH (Ontario)

K9J 3G6

(705) 742-3490

Télécopieur : (705) 742-3272

Siège social :
5^e étage
56, rue Wellesley Ouest
Queens Park
TORONTO (Ontario)
M7A 2E7
(416) 326-1070
Télécopieur : (416) 326-1073

Société Innovation Ontario
7^e étage
56, rue Wellesley Ouest
Queens Park
TORONTO (Ontario)
M7A 2E7
(416) 963-5717
Télécopieur : (416) 963-2088

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Les prêts dont les montants ont été engagés mais non déboursés au 31 mars 1989 totalisaient :

1989 (milliers \$)	1988 (milliers \$)
63 800	73 900
4 375	945
549	574
68 724	75 419

Prêts
Placements
Projets de recherche et de développement et autres programmes

Les sociétés gèrent, au nom de la province, certains prêts, subventions remboursables et placements qui ont été signés par d'autres ministères ou qui constituent des paiements de transfert de la province

déboursés sous forme de prêts conditionnels. Les états financiers cumulés n'incluent pas ces activités. En voici le détail :

Prêts et subventions remboursables

1989 (milliers \$)	1988 (milliers \$)
226 719	101 602
52 845	128 787
1 500	370
—	2 137
(8 461)	(282)
(6 029)	(5 895)
(1 570)	—
265 004	226 719

Placements

En 1982, la province de l'Ontario a acheté des actions privilégiées de Massey Ferguson Ltd. d'une valeur de 75 millions de dollars. En 1986, la SDO a, en tant qu'agent de la province, conclu des ententes dans le cadre de la restructuration de Massey Ferguson Ltd. et a acquis les participations suivantes en contrepartie de ces actions privilégiées :

750 000 actions privilégiées de classe II, Série A (valeur marchande non précisée) de Vantty Corporation (anciennement Massey Ferguson Ltd.) avec option de conversion en 2,5 millions

d'actions ordinaires
2,7 millions d'actions ordinaires de Vantty Corporation (valeur marchande au 31 mars 1989 de 3,25 \$ l'action)
2,25 millions d'actions privilégiées de Massey Combines Corporation (actuellement sous séquestre)
4,8 millions de bons de souscription de Vantty Corporation vendus en 1988 pour la somme de 2,1 millions de dollars.

Certains chiffres comparatifs ont été reclassés afin de les rendre conformes à la présentation adoptée en 1989.

1. CHIFFRES COMPARATIFS

La SIO finance des projets de recherche et de développement et, en contrepartie, elle obtient le droit de toucher les redevances provenant de la commercialisation de toute technologie développée ou le droit d'obtenir des renseignements sur les technologies.

Les frais d'administration sont pris en charge par la province, par l'intermédiaire du ministère de l'Industrie, du Commerce et de la Technologie. La ventilation de ces frais d'administration se présente comme suit :

	1989 (milliers \$)	1988 (milliers \$)
Traitements et avantages sociaux	8 148	7 692
Transports et communications	1 014	960
Services	2 380	2 680
Fournitures et matériel	1 623	1 111
	13 165	12 443
Autres frais	184	162
	13 349	12 605

Les sociétés contribuent à la Caisse de retraite des fonctionnaires et au Fonds d'indexation des pensions de retraite de la province de l'Ontario, auxquels la plupart des employés permanents participent. La contribution des sociétés à ces caisses de retraite se chiffrait à 425 700 \$ pour l'exercice (411 000 \$ en 1988). Ce montant représente l'engagement total des sociétés et est compris au poste des avantages sociaux.

Au 31 mars 1989, les sociétés comptaient quarante-six membres au Conseil d'administration. La rémunération totale versée aux membres pour l'exercice s'est élevée à 168 400 \$ (123 500 \$ en 1988).

LE DÉPENSEMENT À LA PROVINCE

À compter du 1^{er} avril 1988, l'intérêt gagné sur les prêts accordés à titre d'intermédiaire est remboursé à la province.

La province rembourse aux sociétés les frais afférents aux intérêts lorsque le coût des fonds dépasse les intérêts honorés et la subvention pour garanties d'intérêts.

(a) Au 31 mars 1989, les dettes éventuelles résultant de garanties de prêts bancaires et d'autres garanties totalisaient 236,1 millions de dollars (156,4 millions de dollars en 1988).

(b) L'action en justice aux fins d'obtenir des dommages-intérêts de 4 millions de dollars, plus les intérêts afférents, des sociétés de développement et d'autres défendeurs par un ancien actionnaire de Minaki Lodge Resort Ltd. et de Minaki Development Company Limited a été rejetée. Toutefois, le demandeur a appelé le rejet.

Au cours de l'exercice, des sociétés indépendantes ont été créées pour la division de l'agriculture (160596 Canada Inc.) et la division de la diagnose (ADI Diagnostics Inc.) dans le cadre de la restructuration de Allelix Inc. La SDO a échangé 150 actions ordinaires et 75 000

actions privilégiées de classe A dans Allelix Inc. en contrepartie de 168 671 actions ordinaires de classe A dans 160596 Canada Inc. En outre, la SDO a investi 4 millions de dollars en capitaux propres dans les trois sociétés.

6. IMMOBILISATION

Les immobilisations sont constituées principalement par les parcs industriels et sont enregistrées au coût d'acquisition, moins l'amortissement cumulé, de la manière suivante :

	1989	Amortissement cumulé (milliers \$)	Net (milliers \$)	1988
Terrains	341	-	341	341
Terrain de Sheridan Park	233	-	233	230
Immeubles et améliorations	1 498	11 739	3 248	3 380
Matériel	1 236	970	266	298
	16 797	12 709	4 088	4 249

7. AUTRES ELEMENTS D'ACTIF

Cette rubrique comprend les actifs suivants, acquis d'emprunteurs détaillants :

	1989 (milliers \$)	1988 (milliers \$)
Actions détenues, au coût d'acquisition	250	250
Terrains et immeubles à la valeur estimative de 1977, plus les ajouts subséquents au prix coûtant, moins l'amortissement cumulé de 75 000 dollars (69 500 dollars en 1988).	56	62
Valeur nette des baux	289	306
	595	618

8. CAPITAL D'APPORT

L'apport de capital de la province se répartit ainsi :

	SDO et ses filiales (milliers \$)	SIO (milliers \$)	Total (milliers \$)
Solde au début de l'exercice	28 606	7 531	36 137
Paielements de transfert versés par la province pour financer :			
- Les investissements par capitaux propres et par emprunt	4 410	6 760	11 170
- Les projets de recherche et de développement	-	1 115	1 115
Solde à la fin de l'exercice	33 016	15 406	48 422

9. EXPLOITATION DES PARCS INDUSTRIELS

	1989 (milliers \$)	1988 (milliers \$)
Produits des loyers, prix des services d'utilité publique et intérêts	5 283	4 734
Moins : frais d'exploitation	(1 821)	(1 879)
amortissement	(1 332)	(1 183)
Bénéfice net	2 130	1 672

Allelix Inc.	50	actions ordinaires	-
	25 000	actions de classe A	-
	460 000	actions de classe B	460
ADi Diagnostics Inc.	310 000	actions ordinaires	3 100
160596 Canada Inc.	168 671	actions ordinaires de classe A	1
	85 000	actions ordinaires de classe B	850
			+ +11

1. AUTRES PLACEMENTS

IDEA Innovation Fund Inc.	(8 388)	(milliers \$)	10 994
IDEA Research Investment Fund Inc.	(8 987)	(milliers \$)	7 473
IDEA Information Technology Fund Inc.	4 987	(963)	4 024
	(12 388)		22 491

La valeur comptable nette des filiales au 31 mars 1989 s'établit comme suit :

Frais d'exploitation des filiales	468	(milliers \$)	1989
Coût des projets de recherche et de développement	284		856
et des autres programmes financés par les filiales	2 017		2 150
Provision pour pertes	(500)		(59)
Gain sur la vente des placements	(39)		(342)
Revenus d'intérêt et de redevances	-		(85)
Autres revenus	2 230		3 047
Pertes nettes déclarées par les filiales			

Les résultats des activités des filiales se résument ainsi :

4. PARTICIPATION DANS DES FILIALES ET AVANCES CONSENTIES

Il s'agit des participations que la SIO a acquises dans des industries technologiques de la province. Une provision de 1 115 000 \$ a été établie

1. PLACEMENTS

Les prêts accordés à titre d'intermédiaire sont approuvés et financés par le biais de programmes relevant d'autres ministères et organismes provinciaux, mais les accords les concernant sont signés et gérés en leur nom par la SDO. Figurent parmi ces prêts, un crédit de 24,1 millions de dollars (22,3 millions de dollars en 1988), y compris 9,1 millions de dollars en intérêts courus

Prêts accordés à titre d'intermédiaire	87 694		80 551
Prêts à long terme	159 587		171 937
	247 281		252 488

1989 (en milliers de dollars) 1988

LES SOCIÉTÉS DE DÉVELOPPEMENT NOTES AFFÉRENTES AUX ÉTATS FINANCIERS CUMULÉS

31 mars 1989

PRINCIPALES CONVENTIONS
COMPTABLES

a. Généralités

Ces états financiers cumulés regroupent les comptes de la Société de développement de l'Ontario (SDO), de la Société de développement de l'Est de l'Ontario (SDEO) et de la Société Innovation Ontario (SIO). Les opérations des trois filiales de la SDO (IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. et IDEA Information Technology Fund Inc.) n'ont pas été consolidées étant donné que la Société a l'intention de se dessaisir des placements de ces filiales de façon méthodique. Les investissements faits dans ces filiales et les avances qui leur ont été consenties ou consenties par celles-ci sont comptabilisées à la valeur de consolidation, à un montant équivalent à la valeur comptable nette des filiales.

b. Prêts remboursables
En vertu de la Loi sur les sociétés de développement, des prêts ont été effectués par la SDO, la SDNO et la SDEO.

Aux termes de la loi, les sociétés sont autorisées à agir en qualité de mandataires de la province aux fins des programmes, des projets et des autres activités visant à favoriser le développement industriel et économique.

c. Prêts passés en charge
Les montants des prêts remboursables qui ont été passés en charge sont recouvrés de la province au moyen

de réductions correspondantes des avances consenties par elle. Par conséquent, aucune provision n'est constituée pour les prêts irrécouvrables qui n'ont pas encore été radisés.

d. Garanties honorées
Les garanties sont honorées grâce à un financement de la province et, par conséquent, aucune provision n'est constituée pour les prêts irrécouvrables qui n'ont pas encore été radisés.

e. Recouvrement des prêts passés en charge et des garanties honorées
Les montants recouvrés de prêts déjà passés en charge et de garanties déjà honorées sont versés directement à la province et ne figurent pas dans l'état cumulé des résultats d'exploitation.

f. Produits d'exploitation
Les intérêts créditeurs sont enregistrés comme des revenus suivant la méthode de la comptabilité d'exercice, sauf dans le cas des prêts accordés à titre d'intermédiaire pour lesquels l'encassement des intérêts a été différé d'une année ou plus. Dans ce cas, le produit d'exploitation est comptabilisé comme revenu à la date de l'encassement.

g. Produits comptabilisés d'avance
Les intérêts courus sur les prêts dont le remboursement a été différé (note 1(f)) sont enregistrés comme produits comptabilisés d'avance et figurent dans les livres jusqu'à la date de leur perception effective.

h. Placements
Les placements de la SIO sont comptabilisés au prix coûtant moins la provision pour perte afin de refléter la dépréciation permanente de la

valeur du portefeuille des placements. La provision en fonction des renseignements les plus récents dont elle dispose. En raison de la nature des placements, leur valeur marchande n'est pas indiquée et leur valeur comptable ne correspond pas nécessairement à leur valeur de réalisation.

i. Projets de recherche et de développement
Les projets de recherche et de développement sont comptabilisés aux résultats.

j. Immobilisations
Les achats de matériel sont imputés à l'année d'acquisition, sauf dans le cas des opérations des parcs industriels, pour lesquels tous les montants s'y rapportant sont capitalisés. L'amortissement de ces immobilisations se fait selon la méthode linéaire, à des taux de 5 à 20 pour cent par an pour les immeubles et leur amélioration, et de 20 pour cent par an pour le matériel. La valeur des immeubles acquis d'emprunteurs détaillants (note 7) a été capitalisée et est assujettie à la méthode de l'amortissement linéaire au taux de 5 pour cent par an.

k. Frais d'administration
Les frais d'administration sont enregistrés suivant la méthode de la comptabilité de caisse, modifiée de manière à ce qu'un délai supplémentaire de trente jours soit accordé pour le paiement des créances imputables à l'exercice qui vient de se terminer.

Résultats d'exploitation cumulés

de l'exercice terminé le 31 mars 1989

1989
1988
(en milliers de dollars) (en milliers de dollars)

Produits

Intérêts

— Prêts à long terme
— Prêts accordés à titre d'intermédiaire
— Intérêts bancaires
Bénéfice net provenant des parcs industriels (note 9)
Revenus locatifs
Gain sur vente de placements

12 971
4 718
4 508
2 130
48
155
24 530

12 248

Charges

Intérêts sur avances
Prêts passés en charge
— à long terme
— accordés à titre d'intermédiaire

Garanties honorées
Subvention pour garanties d'intérêts
Projets de recherche et de développement et autres programmes (note 10)
Frais d'administration (note 11)
Perte sur placements

35 002
2 230
4 718
48 201
6 251
59 532

Bénéfice net de l'exercice

9 830

Bénéfices non distribués cumulés

de l'exercice terminé le 31 mars 1989

1989
1988
(en milliers de dollars) (en milliers de dollars)

Solde au début de l'exercice
Bénéfice net de l'exercice
Dividendes à la province
Solde à la fin de l'exercice

98 202
6 251
(25 000)
79 453

98 202

LES SOCIÉTÉS DE DÉVELOPPEMENT DE L'ONTARIO

Passif

(en milliers de dollars)		(en milliers de dollars)	
1989	1988	1989	1988
Comptes à payer	5 356	174	—
— Province	—	—	—
— Autres	174	174	—
Dividendes à payer	15 000	—	—
Avances de la province	97 507	107 424	—
— portant intérêt	81 509	94 816	—
— sans intérêt	9 664	7 951	—
Produits comptabilisés d'avance	209 210	210 365	—

Avoir de l'actionnaire

(en milliers de dollars)		(en milliers de dollars)	
1989	1988	1989	1988
Capital — actions — autorisé et émis :	7 000	7 000	7 000
7 000 actions d'une valeur nominale de 1 000 \$ chacune	—	—	—
Capital d'apport (note 8)	48 422	36 137	—
Bénéfices non distribués	79 453	98 202	—
	134 875	141 339	—
	344 085	351 704	—

Voir les notes afférentes aux états financiers cumulés.

Gordon H. Cowperthwaite
Président du Conseil

Roland A. Cloutier
Président du Conseil

Jean-Claude A. Gélinas
Président du Conseil

Donald M. Green
Président du Conseil

Actif

(en milliers de dollars)		
1989	53 742	Encaisse et dépôts à court terme
1988	57 098	Comptes à recevoir
		– Province
		– Autres
	602	Prêts remboursables (note 2)
	247 281	Placements (note 3)
	10 875	Participation dans des filiales et avances consenties (note 4)
	22 491	Autres placements (note 5)
	4 411	Immobilisations (note 6)
	4 088	Autres éléments d'actif (note 7)
	595	
	344 085	
	351 704	

LES SOCIÉTÉS DE DÉVELOPPEMENT ÉTATS FINANCIERS CUMULÉS

au 31 mars 1989



A la Société de développement
de l'Ontario
Société de développement du
Nord de l'Ontario
Société de développement de
l'Est de l'Ontario
Société Innovation Ontario et
au ministre de l'Industrie,
du Commerce et de la
Technologie.

J'ai vérifié le bilan cumulé au 31 mars 1989 des
Sociétés de développement, soit la Société de
développement de l'Ontario, la Société de
développement du Nord de l'Ontario, la Société
de développement de l'Est de l'Ontario et la
Société Innovation Ontario, ainsi que les états
cumulés des résultats d'exploitation et des
bénéfices non distribués pour l'exercice terminé à
cette date. Ma vérification a été effectuée
conformément aux normes de vérification
généralement reconnues, et a comporté par
conséquent les sondages et autres procédures que
j'ai jugés nécessaires dans les circonstances.
À mon avis, ces états financiers cumulés
présentent fidèlement la situation financière des
Sociétés de développement au 31 mars 1989, ainsi
que les résultats de leurs opérations pour
l'exercice terminé à cette date, selon les conven-
tions comptables énoncées à la note 1 aux états
financiers cumulés, appliquées de la même
manière qu'au cours de l'exercice précédent.

J.F. Otterman, F.C.A.,
Vérificateur provincial adjoint
Toronto (Ontario)
le 23 juin 1989

Les états financiers cumulés contenus dans ce
rapport annuel ont été préparés par la direction
conformément aux conventions comptables dé-
crites dans la note 1 des états financiers cumulés.
L'intégrité et l'objectivité des données dans ces
états financiers sont la responsabilité de la direc-
tion. La direction est également responsable de tous
les autres renseignements dans le rapport annuel et
de voir à ce que ces renseignements soient con-
formes, le cas échéant, avec les renseignements et
les données contenus dans les états financiers.
À l'appui de sa responsabilité, la direction main-
tient un système de contrôle interne en vue de
fournir une assurance raisonnable quant à la fiabi-
lité des renseignements financiers et la protection
de l'actif.
Le Conseil d'administration a la responsabilité
de voir à ce que la direction assume ses responsa-
bilités pour la communication de l'information
financière et le contrôle interne et exerce cette
responsabilité par l'entremise du Comité de
vérification du Conseil qui se compose des admi-
nistrateurs qui ne sont pas des employés de la
Société. Le Comité de vérification se réunit
régulièrement avec la direction et le vérificateur
provincial.
Le vérificateur provincial effectue un examen
indépendant, conformément aux normes de vérifi-
cation généralement reconnues, et exprime son
opinion sur les états financiers. Son examen
comporte une révision et une évaluation des sys-
tèmes de contrôle internes des sociétés et des
sondages appropriés ainsi que des procédés en vue
de fournir une assurance raisonnable quant à la
présentation fidèle des états financiers. Le vérifica-
teur provincial a pleinement et librement accès au
Comité de vérification du Conseil et se réunit avec
ce dernier régulièrement.

Fausto Saponara
Chef des services financiers
David C. MacKinnon
Président-directeur général

Financement en provenance de la province de l'Ontario

L'investissement net cumulé de la province de l'Ontario dans les sociétés de développement prend diverses formes. En plus de l'investissement dans le capital-actions de la SDO, la province contribue des fonds au financement de placements en actions et de projets de recherche et de développement, avance des fonds pour financer certains programmes de prêts et rembourser aux sociétés de développement les frais d'administration, la plupart des pertes de crédit et de placement et autres frais d'exploitation.

Le Tableau 7 résume l'investissement

Le Tableau 8 analyse les changements dans l'investissement de la province pour 1989. Les montants dans ces tableaux proviennent uniquement des renseignements dans le bilan cumulé et ne comprennent pas les avances provinciales se rapportant à des prêts d'autres organismes. L'apport d'exploitation dans les tableaux 7 et 8 représente l'apport provincial cumulé pour les frais d'exploitation et les avances nettes, moins le coût net des activités d'aide financière (Tableau 5), les frais d'administration et les dividendes déclarés.

Tableau 7. Investissement par la province de l'Ontario

Au 31 mars		
Capital-actions de la Société de développement de l'Ontario	1989 (milliers \$)	1988 (milliers \$)
Avances	97 507	107 424
Portant intérêt	81 509	94 816
Sans intérêt	48 422	36 137
Capital d'apport	79 453	98 202
Apport d'exploitation	313 891	343 579

Tableau 8. Changement dans l'investissement par la province de l'Ontario

Exercice terminé le 31 mars			
Capital-actions de la SDO (milliers \$)	Capital d'apport (milliers \$)	Avances (milliers \$)	Apport d'exploitation (milliers \$)
7 000	36 137	202 240	98 202
Apport au financement des placements d'Innovation Ontario	6 760		
des projets de recherche et de développement	1 115		
autres placements	4 410		
trais d'administration			
et de programmes			
Intérêts sur avances		12 248	36 375
Remises d'avances se rapportant aux prêts passés en charge		(11 826)	11 826
Remboursement des avances et de l'intérêt, net des nouvelles avances		(23 646)	
Coût net des activités d'aide financière (Tableau 5)			(28 601)
Frais d'administration			(13 349)
Dividendes déclarés			(25 000)
Changement net au cours de l'exercice	—	(23 224)	(18 749)
7 000	48 422	179 016	79 453

Les remboursements ainsi que les remises d'avances se rapportant aux prêts passés en charge, ont résulté en une diminution nette du passif pour les avances provenant de la province. En plus de rembourser les avances parallèlement au recouvrement du capital sur les prêts aux clients, les sociétés de développement ont également retourné 20 millions de dollars d'autres avances en 1989.

La cause principale de la réduction de l'apport cumulé d'exploitation en 1989 a été le dividende de 25 millions de dollars déclaré au cours de l'exercice 1989, dont 10 millions de dollars ont été payés à la province avant le 31 mars 1989 et le reste en avril 1989.

Coût des activités d'aide financière

Le Tableau 5 analyse les produits d'exploitation et frais et les recouvrements obtenus de la province de l'Ontario. Par l'exclusion des recouvrements de la province, le Tableau 5 met en évidence le coût des transactions des sociétés de développement. L'intérêt sur les prêts et débentures a diminué d'environ 2,1 millions de dollars au cours de l'exercice 1989 surtout à cause des prêts passés en charge, et à cause du nombre croissant de prêts nets d'intérêt en circulation. À partir du 1^{er} avril 1988, les sociétés de développement ont retourné au Trésor tous les intérêts créditeurs sur 1989, au cours de la deuxième année complète d'exploitation d'Innovation Ontario, surtout à cause du nombre élevé de placements en circulation. Les pertes résultant des programmes de garantie ont augmenté

d'environ 3,8 millions de dollars, en grande partie à cause du programme Nouvelles entreprises, qui fournit des garanties d'emprunt aux nouvelles petites entreprises. Les pertes de garanties ont été plus élevées en 1989 à cause d'un accroissement des subventions sur les prêts touristiques garantis par les sociétés de développement.

Mouvements de trésorerie

Le Tableau 6 analyse

Tableau 6. Analyse des mouvements de trésorerie

Exercice terminé le 31 mars		(milliers \$)	
ACTIVITÉS DE PRÊT, DE PLACEMENT ET D'AIDE FINANCIÈRE			
Déboursement de prêts, net de recouvrements	(5 392)	16 391	(11 170)
Intérêt perçu des emprunteurs			544
Déboursements pour les placements en actions			(17 152)
Projets de recherche et de développement			(1 821)
Sortie de fonds pour les activités de prêt et de placement			
	(18 600)		
ACTIVITÉS DE FINANCEMENT			
Intérêt payé sur les avances provinciales	(10 186)		
Remboursement net des avances	(15 051)		
Apport en espèces de la province pour :			
Les placements en actions et les projets de recherche et de développement	14 055	37 133	(10 000)
Dividendes payés			
Encaissements nets de (paiements à) la province pour :			
Autres prêts d'organisme administrés	6 550		
Recouvrements des prêts passés en charge et des garanties honorées	(620)		
Autre			
Rentrée de fonds en provenance des activités de financement			
	21 844		
ACTIVITÉS D'EXPLOITATION			
Encaisse d'exploitation provenant des parcs industriels	3 621	4 274	(13 349)
Intérêt reçu sur les dépôts à court terme			(1 172)
Frais d'administration			26
Acquisitions d'immobilisations			
Autre			
Sortie de fonds pour les activités d'exploitation			
	(6 600)		
Diminution de l'encaisse et des dépôts à court terme			
	(3 356)	57 098	53 742
Encaisse et dépôts à court terme en fin d'exercice			

Le Tableau 6 donne des renseignements à propos des prêts, d'exploitation qui ne sont pas manifestes dans les bilans traditionnels et les résultats d'exploitation. Une analyse de l'encaisse donne des renseignements utiles à propos de la liquidité et de la souplesse financière des sociétés de développement et de leur capacité de produire de l'argent comptant pour rembourser les avances provinciales ou effectuer d'autres distributions à la province.

Les revenus, frais et changements dans l'actif et le passif, mesurés conformément aux conventions comptables établies, bien souvent ne sont pas accompagnés de mouvements de la trésorerie, les mouvements de la trésorerie s'y rapportant se sont soit produits au cours de périodes antérieures ou se produiront dans des périodes ultérieures. Par exemple, les pertes de prêts (13,2 millions de dollars en 1989) ne résultent pas en une sortie de fonds à la date où se produit une réduction de valeur, les sorties de fonds relatives aux activités de prêt se produisent dans les périodes antérieures lorsque les fonds sont distribués aux emprunteurs. De même, les intérêts créditeurs tels qu'indiqués dans les résultats d'exploitation différencient généralement du montant en espèces actuellement perçu au cours d'une période à cause des intérêts courus.

Le Tableau 6 indique que la sortie de fonds nette la plus considérable des sociétés de développement pour les activités de prêt, de placement et d'aide financière se rapportait à de nouveaux placements en actions, à des garanties honorées et à des subventions à titre de garantie d'intérêts (environ 28 millions de dollars dans l'agregat). Les déboursements pour les nouveaux prêts, nets des recouvrements de capital sur les prêts existants, étaient beaucoup moins élevés à 5,4 millions de dollars.

L'apport total en espèces reçu de la province se chiffrait à 21,8 millions de dollars. Toutefois, près de 6 millions de dollars de ce montant étaient attribuables aux rentées de fonds nets en ce qui a trait aux activités gérées par d'autres ministères et organismes, résultant en grande partie des remboursements de 1989 pour les activités financées par les sociétés de développement à la fin de l'exercice 1988.

Le solde comptant au 31 mars 1989 demeure substantiel mais a été réduit après la fin de l'exercice par le paiement de 15 millions de dollars de dividendes déclarés dans l'exercice 1989 et par le retour à la province de plus de 4 millions de dollars d'intérêts reçus sur les prêts d'autres organismes.

Placements en actions et intérêts de redevances

Les placements en actions sont effectués principalement par l'entremise de la Société Innovation Ontario et les trois filiales non consolidées de la SDO. Le tableau suivant comprend également les actions ordinaires et privilégiées de Vantty Corporation, qui sont admistrées par la SDO au nom de la province de l'Ontario. La Société Innovation Ontario reçoit des intérêts de redevances en retour du financement consenti pour les projets de recherche et de développement. Comme il est incertain si les projets résulteront en un produit ou procédé commercial, les intérêts de redevances ne sont pas inscrits dans le bilan cumulé.

Tableau 3. Portfeuille de placements

Nombre de sociétés dépendantes	1989	Nombre de sociétés dépendantes	1988
	(milliers \$)	(milliers \$)	(milliers \$)
Vantty Corporation	1	16 900	14 820
Autres actions privilégiées	14	5 283	7 004
Autres actions ordinaires	68	22 459	13 832
Intérêts de redevances	48	—	1
Total	131	44 642	35 657

Subventions remboursables et prêts conditionnels

Les sociétés de développement gèrent des subventions remboursables et des prêts conditionnels consentis par les autres ministères et organismes à des candidats admissibles en vertu de divers programmes d'incitation. Si le bénéficiaire satisfait aux critères du programme concerné, il n'a pas à rembourser la subvention ou le prêt. Les sociétés de développement surveillent ces programmes au nom de l'organisme attributeur afin de voir à ce que l'on satisfasse aux critères établis sinon, à ce que les fonds soient remboursés tels que requis.

Tableau 4. Changement dans les subventions remboursables et les prêts conditionnels

Exercice terminé le 31 mars		1989	
Solde en début d'exercice		175 031 \$	
Subventions/prêts consentis	18 464	Intérêts créditeurs	1 011
Subventions transférées à des prêts	(54 409)	Remises de subventions/prêts	(5 244)
Remboursement de subvention/prêts	(1 951)	Solde en fin d'exercice	132 902 \$

Tableau 5. Coût des activités d'aide financière

Exercice terminé le 31 mars		1989	
PRODUITS D'EXPLOITATION		(milliers \$)	
Intérêts sur les prêts et débiteurs	17 689	Intérêts sur les prêts et débiteurs	19 776
Intérêts sur les dépôts à court terme	4 508	Revenu net provenant des parcs industriels	3 036
Gain sur la vente des placements	2 130	Autres revenus	—
	48		49
FRAIS	24 530	24 530	24 533
Intérêts sur les avances provinciales	12 248	Intérêts sur les avances provinciales	13 315
Intérêts créditeurs sur les prêts des autres organismes à rembourser à la province	4 718	Crédit et pertes de placement	—
Prêts	13 610	Placements	26 161
Garanties	1 352	Garanties	450
Paiements de subventions de garantie d'intérêts	10 911	Projets de recherche et de développement	7 117
Projets de recherche et de développement	6 241	Projets de recherche et de développement	4 765
et programmes connexes	1 821	et programmes connexes	1 006
Perte des filiales non consolidées	2 230	Perte des filiales non consolidées	3 047
Coût net des activités d'aide financière	28 601	28 601	31 328

Les montants totaux des activités mentionnées dans le bilan cumulé sont :

Au 31 mars			
1989	(milliers \$)	1988	(milliers \$)
Prêts et placements selon le bilan cumulé			
Prêts remboursables		247 281	252 488
Placements		10 875	5 856
Participation dans des filiales et avances consenties		22 491	24 721
Autres placements		4 411	1
Total des prêts et placements selon le bilan cumulé			
		285 058	283 066
Autres activités gérées			
Prêts d'autres ministères et organismes		162 608	81 857
Prêts garantis*		303 561	194 719
Subventions remboursables/prêts conditionnels		132 901	175 031
Placements dans Varsity Corporation		16 900	14 820
Actif des filiales non consolidées autres que les placements et les prêts		(8 818)	(8 923)
Total des autres activités gérées			
		607 152	457 504
Total des activités selon le Tableau 1			
		892 210	740 570

* En vertu de certains ni ministères de services sociaux, les données qu'une partie des données sont incomplètes. Le Tableau 1 représente les données cumulées.

Tableau 2.

Changements dans les prêts arriérés

Exercice terminé le 31 mars		(milliers \$)	
Prêts arriérés, en début d'exercice		29 528	15 124
Acquisitions nettes		2 264	(15 106)
Intérêts courus sur les prêts non courants, moins paiements reçus			
Réductions			
Prêts arriérés, en fin d'exercice		31 810	

Prêts et débetures

Les sociétés de développement offrent le financement des prêts et débetures aux entreprises ontariennes admissibles dans le but de favoriser le développement économique et la création d'emplois. Comme ce financement a pour but d'aider le récipiendaire, il comporte souvent une période nette d'intérêts ou d'intérêts différés, ou peut comporter des taux d'intérêt inférieurs à ceux du marché. Au 31 mars 1989, 31,8 millions de dollars de tous les prêts et débetures gérés par les sociétés de développement étaient classés comme arriérés principalement parce que les paiements de capital et d'intérêts étaient passés dus de plus de 90 jours. En vertu des conventions comptables suivies, les sociétés de développement ne prennent pas de dispositions pour les pertes relatives aux prêts en avance des réductions de la valeur de réalisation nette car toutes les réductions sont recouvrées de la province. Les réductions dans l'analyse suivante comprennent 13,6 millions de dollars indiqués dans les résultats d'exploitation cumulée ainsi que 1,5 million de dollars sur les prêts gérés par les autres ministères et organismes qui n'apparaissent pas dans le bilan cumulé.

Garanties

Les sociétés de développement garantissent le remboursement de certains prêts consentis par des institutions financières du secteur privé à des entreprises ontariennes admissibles. Les sociétés de développement gèrent également certains programmes de garantie d'emprunt établis par la province de l'Ontario. Aucun frais de garantie ne sont imputés aux emprunteurs ou à la province. Le total des prêts garantis comprend les prêts garantis directement par les sociétés de développement, soit 143,6 millions de dollars (1988 – 91,4 millions de dollars) et les prêts garantis au nom des autres organismes provinciaux, soit 160 millions de dollars (1988 – 103,3 millions de dollars). Le plus vaste programme de garantie des sociétés de développement est le programme Nouvelles entreprises, qui garantit les prêts aux nouvelles petites entreprises.

Au cours de 1989, 6,2 millions de dollars de subventions à titre de garantie d'intérêts (1988 – 4,8 millions de dollars) ont été payés en ce qui a trait aux prêts que les entreprises ont reçu du secteur privé et qui ont été garantis par les sociétés de développement. Ce montant comprend les subventions d'emplacement de 2 millions de dollars (1988 – 1 million de dollars), qui sont des paiements uniques qui équivalent la valeur actuelle de la subvention de garantie d'intérêts qui serait autrement consentie. Au 31 mars 1989, l'engagement des sociétés de développement à fournir des subventions de garantie d'intérêts au cours de l'exercice 1990 se chiffrait à environ 5,7 millions de dollars.

Les sociétés de développement dirigent une vaste gamme d'activités, y compris des activités dirigées au nom d'autres ministères et organismes de la province de l'Ontario. Le Tableau 1 résume les activités gérées par les sociétés de développement au 31 mars 1989 à l'exception des exploitations de parcs provinciaux.

financiers cumulés donne des renseignements sur les parcours industriels). Le tableau comprend les prêts, les débetures et les placements en actions inclus dans le bilan cumulé. Sont également inclus, parce qu'ils sont gérés par les sociétés de développement, les garanties, subventions, prêts et place-

ments en actions par les autres ministères et organismes. En vertu des postulats comptables, ces activités supplémentaires ne peuvent faire partie du bilan cumulé. De l'avis de la direction, les activités totales de 892,2 millions de dollars (1988-740,6 millions de dollars) incluses dans le Tableau 1, en comparaison du total des prêts

piété des activités
sociétés de de
responsables.

Prêts et débentures	Prêts garantis	Placements en actions et redevances	Subventions remboursables/prêts conditionnels	Total	Total
Nombre (milliers \$)	Nombre (milliers \$)	Nombre (milliers \$)	Nombre (milliers \$)	Nombre (milliers \$)	Nombre (milliers \$)
1989	1988	1989	1988	1989	1988

Secteur commercial/programme		827	97 708	106	50 895	1	16 900	95	112 940	278 443	20 837	338 942
Fabrication												
Haute technologie		117	25 835			124	27 742			27 742	20 837	
Exportations										25 835	30 618	
Tourisme		589	58 057	273	75 430			43	4 830	138 317	128 532	
Programmes spéciaux d'organismes :		180	220 801							220 801	135 669	
MICT												
Nouvelles entreprises				8 435	112 676					112 676	60 184	
Caisses populaires (assurance-dépôt)				1	64 560					64 560		
Autre		219	8 705					374	15 131	23 836	25 788	
Total en circulation au 31 mars 1989		1 932	411 106	8 815	303 561	125	44 642	512	132 901	892 210	740 570	

Société de développement de l'Ontario	Société de développement de l'Ontario (à l'exclusion des programmes spéciaux d'organismes)	769	82 686	194	59 235	22	34 205	51	116 980	293 106	366 937	Société de développement du nord de l'Ontario	522	61 819	89	40 176	26 914	96	457	4	438	8 436	177 236	103	10 437	48	1 692	73 968	72 806	5 856	195 853	Société de développement de l'Ontario (programmes spéciaux d'organismes)	180	220 801	8 436	303 561	125	44 642	512	132 901	892 210	Total en circulation au 31 mars 1989	2 204	335 163	4 830	194 719	88	35 657	422	175 031	740 570	Total en circulation au 31 mars 1988	396	63 800	1 200	58 190	8	4 675	129 725	Engagements au 31 mars 1989

LES SOCIÉTÉS DE DÉVELOPPEMENT

COMPTE RENDU FINANCIER



Les états financiers vérifiés de chacune des sociétés de développement ainsi que les états financiers vérifiés qui combinent les situations et résultats financiers des exploitations des sociétés sont présentés annuellement à la Législature et sont inclus dans le volume 2 des comptes publics de la province de l'Ontario. Les états financiers cumulés pour l'exercice terminé le 31 mars 1989 ainsi que le rapport du vérificateur provincial à ce sujet sont inclus dans ce rapport annuel aux pages 16 à 23.

Ce compte rendu financier se divise en deux parties distinctes. La première, "Activités gérées par les sociétés de développement", donne un aperçu général de la diversité des activités gérées par les sociétés. Les montants pour certaines de ces activités sont inclus dans le bilan cumulé à la page 16, tandis que les autres montants sont mentionnés dans des notes aux états financiers cumulés. Les sections des analyses et un commentaire sur le coût des programmes d'aide financière, les mouvements de trésorerie et l'investissement net cumulé de la province dans les sociétés de développement. Les renseignements relatifs à cette dernière partie du compte rendu, à l'exception des renseignements sur les mouvements de trésorerie, sont tirés principalement de l'information contenue dans les états financiers cumulés vérifiés et les notes en bas de page s'y rapportant.

Les sociétés de développement et l'innovation technologique

Dans le but de stimuler le développement de nouveaux procédés et compagnies à caractère technologique, la Société Innovation Ontario offre un capital de démarrage aux nouvelles entreprises jusqu'à ce qu'elles aient un investissement suffisant du secteur privé pour assurer leurs croissance et rentabilité soutenues.

La Société offre un risque partagé et une participation de capital soit par l'achat direct d'actions ou de valeurs convertibles et conserve un intérêt permanent dans l'exploitation des firmes dans lesquelles elle détient un intérêt financier. La participation financière d'Innovation Ontario nécessite une stratégie de désinvestissement qui facilite la transition au financement par le secteur privé tout en protégeant l'intégrité des fonds publics.

Les sociétés de développement et petites entreprises

Avec la création du programme Nouvelles entreprises en 1986, les sociétés de développement ont élargi leurs activités financières de manière à inclure les entreprises ne se rapportant pas à la fabrication et au tourisme y compris les industries du gros, du détail et des services. Le programme est conçu précisément pour encourager le démarrage de petites entreprises en fournissant des garanties sur les prêts obtenus d'institutions financières privées participantes. Des prêts jusqu'à la condition que l'emprunteur donne une concurrence de 15 (XX) \$ sont disponibles à l'Ontario, cette garantie doit représenter 50 % du montant du prêt.

Les prêts pour nouvelles entreprises peuvent servir à l'établissement de tout type de commerce de service ou de fabrication. Cependant, les professionnels tels que les médecins, les avocats et les dentistes ne sont pas admissibles à un prêt pour l'établissement d'une pratique se rapportant à leur profession.

Les prêts pour nouvelles entreprises

Au 31 mars 1989, Innovation Ontario avait procédé à 107 investissements pour un total supérieur à 15 millions de dollars. Au cours de l'exercice 1988-1989, 59 investissements ont été approuvés soit un

comportent un taux d'intérêt flottant à savoir le taux préférentiel plus un pour cent ou un taux fixe que l'emprunteur et le prêteur peuvent négocier. Seul l'intérêt est remboursé du principal ne commence qu'au cours de la deuxième année. Le programme Nouvelles entreprises fait intervenir directement les principales banques à charte, le Trust National, certaines caisses populaires, les caisses d'Alliance et les caisses La Fédération.

AIDE FINANCIÈRE POUR INNOVATION

[1 ^{er} avril 1988 au 31 mars 1989]				
Technologie	Placements en actions	Redevances	Total	
	Nbre (milliers \$)	Nbre (milliers \$)	Nbre (milliers \$)	
Ingénierie	9	1 725	7	2 010
Logiciel	7	1 800	4	2 215
Domaine médical	4	900	4	1 150
Produits de consommation	1	150	4	425
Technologie agricole	1	30	1	30
Industries extractives	1	250	1	250
Electronique	11	2 450	3	2 670
Autre	3	600	3	600
Total	37	7 905	22	9 350

total de 9,3 millions de dollars. Le tableau ci-dessus donne un aperçu général de l'aide financière approuvée par Innovation Ontario au cours de l'exercice 1988-1989.

PRÊTS AUX NOUVELLES ENTREPRISES

[1 ^{er} avril 1988 au 31 mars 1989]				
Type de commerce	Nord	Est	Sud	Total
	Nbre (milliers \$)	Nbre (milliers \$)	Nbre (milliers \$)	Nbre (milliers \$)
Détail	101	1 328	277	3 797
Alimentation	36	508	141	2 019
Tourisme	7	105	16	216
Fabrication	15	208	68	977
Service	118	1 557	480	6 410
Construction	12	165	57	755
Distribution	11	157	54	735
Autre	17	259	55	732
Total	317	4 287	1 148	15 641

Le portefeuille actuel des sociétés de développement compte 8 435 garanties pour nouvelles entreprises actives d'une valeur de 112,7 millions de dollars. Du 1^{er} avril 1988 au 31 mars 1989, 4 861 prêts aux nouvelles entreprises ont été approuvés représentant des garanties totalisant 65,1 millions de dollars. Le tableau ci-dessus donne un aperçu général des prêts approuvés pour le démarrage de nouvelles entreprises au cours de l'exercice 1988-1989.

Les sociétés de développement et le tourisme

Les sociétés de développement régional appuient activement l'industrie touristique de l'Ontario, celle-ci est une source importante d'emploi et de revenu dans toutes les régions de la province, surtout dans les régions qui dépendent fortement des industries de ressources non renouvelables.

Les sociétés offrent des prêts et des garanties en vue de l'établissement de nouvelles installations touristiques et pour la mise en valeur, l'hivernisation et l'agrandissement des exploitations existantes dans les régions où le tourisme joue un rôle capital dans l'économie.

La SDNO et la SDEO agissent également comme agents de mise en oeuvre des programmes de prêts d'encouragement aux Destinations Nord et Destinations Est du ministère du Tourisme et des Loisirs. Ces programmes offrent des prêts à terme nets d'intérêt et dont le remboursement est différé pour un maximum de trois ans.

Au 31 mars 1989, on comptait 905 garanties et prêts actifs totalisant 138,3 millions de dollars répartis par les sociétés de développement (voir le Tableau 1 du compte rendu financier). Plus de 75 % de cette activité se trouvaient dans le nord et l'est de l'Ontario.

Au cours de l'exercice 1988-1989, des prêts et des garanties touristiques d'une valeur de 13,9 millions de dollars ont été approuvés.

Le tableau suivant donne un aperçu général de l'aide financière approuvée pour les exploitants touristiques au cours de l'exercice 1988-89.

TYPE DE PRÊT	SDO		SDNO		SDEO		TOTAL	
	Nbre (milliers \$)		Nbre (milliers \$)		Nbre (milliers \$)		Nbre (milliers \$)	
Prêts à terme	8	713	35	2 745	9	907	52	4 365
Organisme, prêts à terme,	3	150	24	3 419	33	2 530	60	6 099
Organisme, garanties	3	1 750	1	500	3	1 275	7	3 525
Total	14	2 613	60	6 664	45	4 712	119	13 989

Les sociétés de développement et la fabrication

Les trois sociétés de développement régionales de l'Ontario (SDO, SDNO, SDEO) jouent un rôle important dans l'appui donné au développement des petites industries de fabrication. Les industries de fabrication sont admissibles à une aide financière. Le financement est adapté aux besoins précis et fait habituellement partie du programme financier total conçu pour obtenir la participation maximum des prêteurs du secteur privé. Les principaux moyens financiers des sociétés de développement sont les prêts à terme et les garanties d'emprunt pour les projets d'immobilisations. Ces prêts et garanties, sont habituellement offerts pour aider les entreprises ayant des coûts en capital se rapportant à l'établissement, à l'agrandissement ou à l'amélioration d'industries de fabrication secondaire. Les prêts et garanties maximums sont respectivement de 500 000 \$ et de 1 million de dollars. Des incitations sous forme de remboursement différé et/ou de périodes libres d'intérêt, peuvent être offertes dans le cadre de prêts à terme lorsque le projet comporte des avantages importants pour la province et que la nécessité d'une telle incitation a été démontrée. De plus, des incitations sous forme de subventions à titre de garantie d'intérêts peuvent être offertes dans le cas des garanties d'emprunt, dans certaines circonstances. En plus d'offrir une aide financière directe aux fabricants, la Société de développement du nord de l'Ontario agit en qualité d'agent pour le programme NORFUND qui offre des subventions remboursables sous condition aux industries de fabrication et de traitement basées dans le nord de l'Ontario. Au 31 mars 1989, 1 029 industries de fabrication actives se trouvaient dans le portefeuille des sociétés et les engagements financiers se chiffraient à 278,4 millions de dollars (voir le Tableau 1 du compte rendu financier). Au cours de l'exercice 1988-1989, l'aide financière des sociétés aux industries de fabrication secondaire s'est chiffrée à 70 millions de dollars. Le tableau suivant donne un aperçu général de l'aide financière approuvée pour les industries de fabrication au cours de l'exercice 1988-1989.

AIDE FINANCIÈRE APPRouvÉE POUR LA FABRICATION

(1^{er} avril 1988 au 31 mars 1989)

	SDO	SDNO	SDEO	TOTAL
	Nbre	Nbre	Nbre	Nbre
	(milliers \$)	(milliers \$)	(milliers \$)	(milliers \$)
Prêts directs	56	15	11	82
Terme	5 768	1 678	1 575	9 021
Incitation	47	26	57	130
Garanties directes	19	2		21
Régulières	9 615	300		9 915
Incitation	8	2	3	13
Organismes				
Prêts		130		130
Garanties	1	1		2
	1 400	9 700		11 100
Autre				
Subventions d'intérêts	1		3	4
		170	439	609
Total	131	177	74	382
	28 038	29 233	12 742	70 013

Parcs industriels

En plus de ses Programmes d'aide financière, la Société de développement de l'Ontario est propriétaire de deux parcs industriels – le parc industriel Huron, à 40 kilomètres au nord de London, près de Exeter, et le parc industriel Northam, dans la localité de Cobourg, à 110 km à l'est de Toronto en bordure de la route 401. Ces parcs contiennent plus de 93 000 mètres carrés d'espace de fabrication dans des bâtiments variant de 460 à 3 700 mètres carrés. Les deux parcs permettent d'accéder facilement aux principaux réseaux routiers et ferroviaires. Le parc Huron bénéficie de son propre aéroport qui dispose de trois pistes revêtues. Au cours de l'exercice 1988-1989, le revenu net des parcs industriels en provenance des loyers, des frais des services publics et de l'intérêt a atteint 2,1 millions de dollars.

Le gouvernement de l'Ontario encourage le développement économique et la croissance des emplois en fournissant une aide financière sélective aux entreprises et à l'industrie par l'entremise de quatre sociétés de la Couronne :

La Société de développement de l'Ontario (SDO) (desservant le centre et le sud-ouest de l'Ontario) La Société de développement du nord de l'Ontario (SDNO) La Société de développement de l'est de l'Ontario (SDEO) (SIO) La SDO, la SDNO et SDEO offrent des prêts et des garanties d'emprunt aux industries de fabrication secondaire, aux exportateurs et aux exploitants touristiques basés en Ontario. En dirigeant ses programmes de développement économique par l'entremise de ces organismes distincts mais coordonnés, le gouvernement de l'Ontario est en mesure de répondre aux caractéristiques et demandes uniques des régions économiques distinctes de la province.

La SIO complète le rôle de capital-risque du secteur privé en fournissant des placements en actions aux jeunes entreprises à caractère technologique qui leur permettront d'atteindre un stade où elles pourront attirer des niveaux adéquats d'investissement du secteur privé.

Ensemble, les sociétés de développement constituent la principale organisation financière du tourisme, des sociétés de développement au développement (Nord) et le Programme d'encouragement au développement du tourisme, Destinations Nord et Destinations Est

(Tourisme et Loisirs) Les sociétés de développement examinent aussi, sur le plan des finances et de la gestion les projets retenus par le Fonds de technologie du Conseil du premier ministre, et agissent comme agent pour le ministère des Institutions financières en garantissant les prêts consentis par la Société ontarienne d'assurance des actions et dépôts aux caisses populaires. Un sommaire complet des activités gérées par les sociétés apparaît dans le Tableau 1 du compte rendu financier (section 2).

Le tableau suivant donne un aperçu général de l'aide financière totale approuvée et mise à la disposition des entreprises ontariennes par les sociétés au cours de l'exercice 1988-1989.

(1^{er} avril 1988 au 31 mars 1989)

Remarque : Les chiffres représentent les montants bruts approuvés et ne tiennent pas compte des transactions annulées au cours de l'année.

Rapport du président-directeur général

J'ai le plaisir de vous faire savoir que le dernier exercice a été témoin d'un progrès considérable dans notre Programme de renouvellement.

Comme l'a indiqué le ministre dans son introduction, le Cabinet a approuvé une révision majeure du mandat et des politiques des sociétés. Par conséquent, nous avons mis en vigueur une nouvelle structure organisationnelle et amélioré l'équipe de direction des sociétés. La gestion financière et administrative des sociétés a été grandement rehaussée par ce nouveau potentiel de haute direction. De plus, nous procédons à un redéploiement du personnel pour améliorer les services à la clientèle.

Notre programme de renouvellement est loin d'être terminé. Il nous reste beaucoup à faire dans les domaines tels que la formation du personnel, la réforme des méthodes et le changement structurel. Toutefois, nous avons réalisé de nombreux progrès au chapitre de l'efficacité et dans l'ensemble, ils constituent une réalisation impressionnante. Aujourd'hui, les sociétés sont passablement différentes de l'organisation d'il y a trois ans.

J'aimerais témoigner ma reconnaissance aux individus et aux groupes qui ont appuyé les sociétés au cours de cette période difficile. Notre personnel qui a su relever ce défi avec confiance et professionnalisme – nos membres du Conseil, qui nous ont appuyés sans relâche – la haute direction du ministère de l'Industrie, du Commerce et de la Technologie et les agences centrales du gouvernement qui nous ont fourni un soutien et un engagement très apprécié – nous les remercions tous d'avoir contribué à notre succès jusqu'ici. Avec leur aide et leur appui, nous allons continuer de persévérer dans notre Programme de revitalisation et nous deviendrons une organisation plus puissante et plus efficace.

L'an dernier, dans notre rapport annuel, j'ai présenté un rapport préliminaire sur les changements envisagés. Cette année, je peux vous signaler qu'au moins la moitié d'entre eux ont été implantés. L'an prochain, j'espère pouvoir vous annoncer l'achèvement de notre programme de renouvellement. Ce n'est qu'à ce moment-là que nous serons satisfaits de nos efforts.

David C. MacKinnon
Président-directeur général



Société de développement de l'Ontario

Peter G. White, Toronto, président

(retraité le 15 mai 1989)

Trent Gow, Toronto, vice-président

Pierre L. Bélanger, Earlton

(retraité le 31 janvier 1989)

Alex Christie, Toronto

(retraité le 31 mars 1989)

Roland A. Cloutier, Hearst

Gordon Cowperthwaite, Toronto

Robin L. Devine, Toronto

Jean-Claude A. Gélinas, Hawkesbury

Evelyn F. Goodman, Toronto

Ivy Hooper, Toronto

Zdenek Jon Kvarda, Belleville

Sidney S. Poon, Toronto

Allan J. Ramsay, Keewatin

C. Ian Ross, Toronto

(retraité le 31 mars 1989)

Nominations à la SDO pour 1989-90

Gordon Cowperthwaite, Toronto, président

Rafique Dawood, Toronto

Roger Legaré, Ottawa

Walter Muroff, Windsor

Patricia Neilson, Stratton

de l'Ontario

Pierre Bélanger, Earlton, président

(retraité le 31 janvier 1989)

A. Mills Paton, Thunder Bay, vice-président

(retraité le 31 mars 1989)

Louise Cantin, Timmins

Roland A. Cloutier, Hearst

Patrick Gamble, Thunder Bay

Maurice Guertin, Kapuskasing

James D. Lanzo, Sudbury

Dawn D. Madabbee, Ile Manitoulin

Patricia Neilson, Stratton

Allan J. Ramsay, Keewatin

Lydia Maria Olah, North Bay

Maurice M. Rochefort, North Bay

Susan E. Taylor, Sault-Ste-Marie

Robert G. Topp, Sault-Ste-Marie

(retraité le 31 mars 1989)

Nominations à la SDNO pour 1989-90

Roland A. Cloutier, Hearst, président

Harry Braun, Thunder Bay

W. Barrie Brayford, New Liskeard

G. Nelson McKay, Sault-Ste-Marie

Lydia Maria Olah, North Bay, vice-président

Société de développement de l'est

de l'Ontario

C. Ian Ross, Toronto, président

(retraité le 31 mars 1989)

Jean-Claude A. Gélinas, Hawkesbury,

vice-président

Michael Doyle, Gloucester

Donald Grant, Ottawa

Ivy Hooper, Toronto

Zdenek Jon Kvarda, Belleville

Carol A. McKee, Kingston

Jaqueline McLaughlin, Carleton Place

Wayne Robinson, Sharbot Lake

Gerald J.G. Tracey, Eganville

David R. Walling, Lindsay

Nominations à la SDEO pour 1989-90

Jean-Claude A. Gélinas, Hawkesbury,

président

David R. Walling, Lindsay, vice-président

Neil P. Burke, Cornwall

Norman J. Carroll, Pembroke

Roger Legaré, Ottawa

Ann Clarke-O'Kah, Ottawa

Société Innovation Ontario

Donald Green, Burlington, président

Gerhard E. Meiner, Schomberg,

vice-président

Herbert Chang, Toronto

Fernando Costa, Toronto

Michael Doyle, Gloucester

Hanny Assaf Hassan, London

Gordon Hume, London

Penny Lipsett, Toronto

Claudette MacKay-Lassonde, Toronto

(retraité le 5 novembre 1988)

Frank Maine, Guelph

Catherine Swift, Toronto

Christopher Trump, Toronto

Nominations à la SIO pour 1989-90

W. Barrie Brayford, New Liskeard

Rafique Dawood, Toronto

Bernard Kamin, Toronto

Monique Oaks, Ottawa

C'est avec grand plaisir que je vous présente le rapport annuel des sociétés de développement de l'Ontario pour l'exercice 1988-1989. Ce document contient un aperçu des activités des sociétés au cours du dernier exercice, un compte rendu financier des exploitations des sociétés ainsi que les états financiers cumulés pour les sociétés au 31 mars 1989.

De nos jours, l'économie mondiale change à un taux sans précédent. Par conséquent, l'économie de l'Ontario fait face à une transformation comparable dans le but de maintenir sa compétitivité dans ce marché mondial dynamique. Je suis heureux de constater que les sociétés de développement s'adaptent aux demandes de ce marché en rapide évolution.

Il y a trois ans, les sociétés ont entrepris un renouvellement de leur mandat, de leur

Rapport des conseils d'administration

Les sociétés de développement sont supervisées par quatre conseils d'administration dont les membres proviennent de diverses régions de l'Ontario et représentent toute une gamme d'intérêts professionnels et commerciaux.

De plus, les conseils comportent des administrateurs de liaison qui assurent la continuité de l'élaboration des politiques et des décisions. Quatre représentants de la Société de développement du nord de l'Ontario (SDNO) et quatre représentants de la Société de développement de l'est de l'Ontario (SDEO) font également partie du Conseil d'administration de la Société de développement de l'Ontario (SDO). De plus, la Société Innovation Ontario (SIO) a un membre provenant de chacun des conseils des sociétés susmentionnées.

Le conseil de la SDO se compose de 16 membres et ceux de la SDNO et de la SDEO en ont chacun 14 tandis que celui de la SIO en a 15.

Les responsabilités des conseils se répartissent en trois catégories. Premièrement, ils se prononcent sur les demandes d'aide financière de 150 000 à 350 000 \$. Dans le cas d'Innovation Ontario, la limite est de 250 000 \$.

Deuxièmement, les conseils ont la responsabilité de proposer de nouveaux règlements et politiques au ministre de l'Industrie, du Commerce et de la Technologie qui est responsable des activités des sociétés.

Troisièmement, les conseils ont plus grand contrôle de supervision sur leurs exploitations quotidiennes. Cette année, les conseils ont réécrit les règlements qui régissent leurs délibérations afin de favoriser une approche plus uniforme et contemporaine dans les affaires des conseils et des sociétés.

De plus, le Comité de vérification des

d'administration des sociétés ont assumé une plus grande responsabilité pour leurs exploitations permanentes. Les conseils d'administration jouent un rôle clé dans le processus quotidien de gestion en plus de leur rôle direct de surveillance des Programmes d'aide financière des sociétés.

Dans les années à venir, les sociétés de développement continueront certainement à accroître leur clientèle traditionnelle parmi les petites et moyennes entreprises de l'Ontario. Et par leur nouvelle concentration sur les nouvelles industries à compétitivité mondiale, elles joueront un rôle de plus en plus important dans le développement de toutes les régions de cette province.

Montie Kwinter
Ministre de l'Industrie, du Commerce et de la Technologie

conseils a assumé un rôle plus central dans la gestion des affaires financières des sociétés par sa révision des états financiers annuels et trimestriels, une supervision étroite des pertes relatives aux prêts et sa révision permanente des dispositions financières des sociétés.

Au nombre des autres réalisations importantes des conseils cette année, mentionnons l'introduction de directives en ce qui a trait aux conflits d'intérêts et la création d'un nouveau comité ayant pour mandat d'améliorer les services des sociétés aux résidents francophones de l'Ontario.

Au fur et à mesure que les sociétés se transformeront en des institutions financières plus efficaces, les conseils assumeront une plus grande responsabilité pour les questions de politique et de gestion se rapportant au mandat des sociétés à titre d'organisation principale de développement économique de la province de l'Ontario.

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12	Placements en actions et intérêts de redevances
12	Subventions remboursables et prêts conditionnels
13	Coût des activités d'aide financière
13	Mouvements de trésorerie
14	Financement par la province de l'Ontario

Etats financiers cumulés

Bureaux des sociétés de développement

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Monte Kwinter
Ministre de l'Industrie, du Commerce et de la Technologie
Len Pitura
Sous-ministre de l'Industrie, du Commerce et de la Technologie
Gordon Cowperthwaite
Président
Société de développement de l'Ontario
Roland A. Cloutier
Président
Société de développement du nord de l'Ontario
Jean-Claude A. Gélinas
Président
Société de développement de l'est de l'Ontario
Donald M. Green
Président
Société Innovation Ontario
David C. MacKinnon
Président-directeur général
Sociétés de développement de l'Ontario
Adresse postale :
Sociétés de développement de l'Ontario
56, rue Wellesley Ouest
Queen's Park, Toronto
Ontario, Canada
M7A 2E7



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DE DÉVELOPPEMENT
DE L'ONTARIO



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